Mortgage Credit Certificate Program Guide

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

Homeownership Originations Department
MORTGAGE CREDIT CERTIFICATE PROGRAM GUIDE

601 South Belvidere Street
Richmond, Virginia 23220

Revised: March 2021

Introduction

Mission Statement

Our mission is *Helping Virginians attain quality, affordable housing.*

Note to Lenders

This guide has been designed to provide our participating lenders with the information they need to carry out their responsibilities for the origination of Mortgage Credit Certificates.

Background

The Virginia General assembly established the Virginia Housing Development Authority (Virginia Housing), a public mortgage finance company, in 1972. Virginia Housing is self-supporting. No federal or state tax dollars are received by Virginia Housing for the funding of its lending programs. Substantially all the funds for Virginia Housing programs are provided by the private sector through the purchase of Virginia Housing bonds. Virginia Housing offers a variety of loan programs developed to meet the needs of low to moderate-income homebuyers. These loans are originated primarily through our network of private lenders serving as Virginia Housing Originating Lenders.

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1 Mortgage Credit Certificate Overview

The Mortgage Credit Certificate (MCC) program provides affordable homeownership benefits for qualified households through a federal income tax credit. MCCs entitle eligible borrowers to a direct tax credit against the borrower's federal income tax liability. MCCs are not mortgages.

Important: Borrower's must have a federal tax liability to benefit from the MCC.

The MCC is effective for the life of the loan as along as the borrower lives in the home as his/her primary residence.

1.1 What is an MCC?

The tax credit is based on 10% of the mortgage interest paid by the borrower each year. The remainder of the mortgage interest may be applied as a tax deduction to reduce taxable income. Unlike an income tax deduction, an MCC is a dollar for dollar credit against the borrower's federal income tax liability.

Example:

Loan Amount	$200,000
Interest Rate	5.00%
Annual Interest paid	$10,000
Mortgage Credit	$1,000 (10% of $10,000 interest paid)
(Remaining $9,000 interest paid may be used as traditional tax deduction)	

If the amount of the tax liability is less than the credit amount the unused credit may be carried forward to the next 3 tax years or until used – whichever comes first.

1.2 What are the borrower eligibility requirements?

- Be a first-time homebuyer, or not owned a home used as a primary residence within the prior three years (This requirement is waived if purchasing a home in a federal targeted area)
- Meet the maximum household income limits (include all income of all borrowers; this may be different from/more than qualifying income)
- Purchase a home below the maximum sales price
- Use the home as their primary residence

1.3 How does a borrower apply for and receive Mortgage Credit Certificate?

Borrowers must apply through an approved Virginia Housing MCC participating lender. The lender submits specific documentation to Virginia Housing for approval. After the loan closes and closing documents are reviewed by Virginia Housing – the Mortgage Credit Certificate is mailed to the borrower.

1.4 How does the borrower receive the annual tax credit?

The borrower files IRS form 8396 with his/her annual tax returns.

1.5 Is there any repayment of the tax credit required?

Borrowers receiving a MCC may be subject to a federal Recapture Tax if they sell their home within 9 years and realize a significant increase in income. *See the Recapture Tax Notice and information for more details.*

2 Originating Lender Participation

2.1 Originating Lender Qualifications

To be approved as a Mortgage Credit Certificate Originating Lender, the lender must meet the following qualifications:

A. Authorization to Do Business and Branch Location

Be authorized to do business in the Commonwealth of Virginia and be licensed as a mortgage lender under the Virginia Mortgage Lender and Broker Act and have a physical office located in the State of Virginia to which the general public may make applications for Mortgage Credit Certificates.

B. Experienced Staff

Have a staff with demonstrated ability and experience in mortgage loan origination, processing, underwriting, closing, and post-closing.

C. Participation Agreement and Payment of Participation Fee

Execute a Virginia Housing Development Authority Mortgage Credit Certificate Lender Participation Agreement and pay any required participation and training fees required by Virginia Housing.

D. Origination, Underwriting, Closing, Funding Capacity

Have staff qualified to perform all origination, underwriting, closing and funding duties of the loans originated in association with Mortgage Credit Certificates. Loans are to be approved, closed and funded by the approved Originating Lender.

E. Staff Training

All staff participating in the Origination, Processing, Underwriting, Closing and Post Closing must complete training provided by Virginia Housing related to the documentation, guidelines and procedures for Mortgage Credit Certificates.

F. IRS Reports

Lenders are required to file IRS Form 8329 annually with the IRS to certify the loans made in conjunction with Mortgage Credit Certificates.

G. Virginia Housing Fair Housing Policy

Certify Lender has read Virginia Housing's Fair Housing Policy and acknowledge that, if approved as a Virginia Housing Originating Lender, such organization must comply with such policy in originating, processing, and closing Virginia Housing loans.

H. Other Qualifications

Meet such other qualifications, as the Executive Director shall deem to be related to the performance of its duties and responsibilities. Have a physical office located in Virginia to which the general public may make loan application which as originated loans for a period of not less than 12 months. Exception may be granted if the company acquired loan officers with significant Virginia Housing Origination experience in the previous 12 months.

I. Hiring Procedures

Provide a copy of companies hiring procedures for checking all employees, including management, involved with the origination of mortgage loans against the GSA Exclusionary List and HUD LDP List.

2.2 Originating Lender Approval Process

The following details the process for application for approval as a Virginia Housing Mortgage Credit Certificate Participating Lender:

A. Application

Lender generates application package on-line or requests application package from Virginia Housing's Business Development Training Manager, completes the application, and forwards along with other required supporting documentation to Virginia Housing's Business Development Training Manager.

B. Approval Notification

Virginia Housing's Business Development Training Manager reviews the application and responds by letter of approval or rejection to the lender's senior management.

C. Required Training

Approved Originating Lender's staff completes required Virginia Housing training prior to being authorized to originate Mortgage Credit Certificates. Training will be required for all staff involved in the Mortgage Credit Certificate origination and closing process.

2.3 Maintaining Originating Lender Approval Status

After initial approval, each Originating Lender will be required to meet the following specified requirements to maintain their status as an approved Virginia Housing Originating Lender:

A. Insurance and Net Worth Requirements

Maintain required fidelity bond, errors, and omissions insurance and net worth requirements.

- **Certificate of Insurance**

  Provide Virginia Housing's Business Development Training Manager with certificate from the insurance provider confirming that the fidelity bond and mortgage errors and omissions insurance is still in effect. Certificates are to be provided when coverage is renewed or a new policy issued.

B. Minimum Origination Volume

Originate no fewer than 10 Mortgage Credit Certificates during the first twelve months and each full calendar year thereafter, unless otherwise approved by Virginia Housing. Consideration of lesser volume in underserved or rural areas.

C. Notification of Organizational Changes

Provide written notice to Virginia Housing's Business Development Training Manager of any major organizational changes contemplated, including but not limited to:

- Resignation or replacement of senior management personnel
- Resignation or replacement of designated Virginia Housing delegated staff
- Mergers, acquisitions or corporate name change
- Change in savings and loan association charter to become banking association
- Change in financial position
- Any reorganization, which centralizes or decentralizes a primary function (i.e. underwriting, closing or post-closing)
- Opening or closing of offices originating Virginia Housing loans (include address, phone number and branch manager's name)

D. Compliance with Virginia Housing Requirements

Maintain compliance with Virginia Housing policies, procedures, rules and regulations as stated in this Procedures Guide and subsequent notification and comply with terms and conditions contained in the Participation Agreement.

E. Acceptable Document Submission

Originate and submit Mortgage Credit Certificate documentation in compliance with program guidelines.

F. Payments of Fees

For non-Virginia Housing loans with an MCC, administration fee in the amount of $750 per transaction will be paid to Virginia Housing unless otherwise waived.

G. Record Retention

Lenders are to maintain records in accordance with the IRS requirements for Mortgage Credit Certificates.

2.4 Origination Responsibilities

A. Origination

The Originating Lender is responsible for originating, processing, closing and post-closing the loans and providing required documentation in accordance with the guidelines and procedures stated in this Procedures Guide, the appropriate insurer requirements, and all regulatory requirements of the following: RESPA, Regulation X, ECOA, Regulation B, FCRA, TILA, Regulation Z, Fair Housing Act, Homeowners Protection Act of 1998, Flood Act, the CFPB any other applicable federal and state laws and regulations.

B. Application/Customer Information

Originating Lender staff is to be knowledgeable of the Mortgage Credit Certificate program and guidelines, prior to discussing qualifications with borrowers. The Originating Lender is to provide information to potential borrowers concerning the Mortgage Credit Certificate and potential Recapture Tax. Prior to submitting an application for Mortgage Credit Certificate the Originating Lender is to assess the borrowers' qualifications to determine adherence to program requirements.

Originating Lender is to use standard industry documents except as specified in the Procedures Guide.

C. Loan Processing

Originating Lender is to process the Mortgage Credit Certificate application in accordance with this Procedures Guide and submit to Virginia Housing for approval.

D. Underwriting

The Originating Lender will obtain approval for the appropriate insurer and underwrite the loan in accordance with the applicable loan requirements, the insurer or guarantor's requirements and the Mortgage Credit Certificate eligibility requirements. The lender's underwriter is to issue preliminary approval prior to submitting for Mortgage Credit Certificate approval.

E. Submission of Mortgage Credit Certificate Application and Documentation

The lender will submit all documentation through the Virginia Housing Mortgage Credit Certificate Portal for non-Virginia Housing loans and through Mortgage Cadence for Virginia Housing loans. All loans must be submitted and approved by Virginia Housing prior to loan closing. Virginia Housing will issue a Mortgage Credit Certificate Commitment as evidence of the approval.

Note: Any changes to the borrower's income, household composition, or changes to the terms of the transaction (including sales prices, add 'ons or upgrades) must be disclosed to Virginia Housing prior to loan closing and revised documentation may be required.

F. Closing

Originating Lenders will provide closing instructions to the closing agent. The Originating Lender will review preliminary closing documents for compliance with Mortgage Credit Certificate Requirements. Loans must close no later than the expiration date noted in the Mortgage Credit Certificate Commitment. Lenders may request an extension – prior to expiration – if funding allocation is available.

G. Funding

The Originating Lender will fund the first mortgage loan (and second mortgage, if applicable).

H. Submission of Final Closing Documents to Virginia Housing

Complete loan closing documents must be submitted to Virginia Housing within 10 calendar days of loan closing for Virginia Housing loans / 30 calendar days of loan closing for non-Virginia Housing loans. Documents will be submitted through Mortgage Cadence for Virginia Housing loans and through the Virginia Housing MCC Portal for non-Virginia Housing loans.

I. Payment of Fees:

The MCC Administration fee in the amount of $750 will be sent to Virginia Housing by check to:

Virginia Housing
601 S. Belvidere St.
Richmond, VA 23220
Attn: MCC Department

Include a copy of the MCC Commitment to identify the borrower.

Note: The MCC Administration Fee will be waived if the MCC is originated with a Virginia Housing first mortgage loan.

J. Issuance of Mortgage Credit Certificate

Upon review of final closing documents, Virginia Housing will issue the Mortgage Credit Certificate to the borrower. The Originating Lender will receive notification of the issuance and may access a copy of the Mortgage Credit Certificate from the MCC System.

2.5 Originating Lender Compensation/Fees

A. Lender Compensation Fee / Disclosure

The lender may charge up to $250 Lender Administration fee. The lender is responsible for disclosing all fees related to the issuance of the MCC including the Virginia Housing MCC Administration fee (if applicable). Lenders participating in the MCC Lender Incentive may not charge this fee on any loan (see below).

B. MCC Lender Incentive

Virginia Housing has an incentive program to help offset any expenses incurred by the MCC program. Lenders are highly encouraged to participate in the MCC Incentive Program, however to be eligible they must not charge any MCC processing fees on any loans. Virginia Housing will pay our lenders 0.20bps per issued MCC.

The incentive is only eligible on MCCs originated with Virginia Housing loans.

2.6 Originating Lender Non-Compliance and Remedies

Non-compliance with Virginia Housing policies related to Mortgage Credit Certificates, procedures, program guidelines or rules and regulations may result in the rescission of the Mortgage Credit Certificate from the borrower.

A. Late Delivery of Documents

Virginia Housing reserves the right to charge fees for the late delivery of closed loan packages. The Originating Lender will be notified in writing of the late fees due. Failure to remit fees due may result in suspension from participation in the Mortgage Credit Certificate Program.

B. Misrepresentation or Misstatement

Virginia Housing will be required to rescind the mortgage credit certificate if borrower or the originating lender has made any misrepresentation or misstatement of a material fact in any document resulting in non-compliance with regulatory requirements of the Mortgage Credit Certificate.

C. Suspension from Origination Activity

Virginia Housing, at its sole discretion, may suspend the Originating Lender from participating in the Mortgage Credit Certificate program based on the Originating Lender's failure to comply with the guidelines, procedures, requirements or any change in staff, which would

affect the Originating Lender's ability to perform these responsibilities. The Originating Lender will be notified in writing of any suspension of any origination activity.

D. Termination as a Virginia Housing Originating Lender

Virginia Housing shall terminate immediately upon delivery of a written notice, the Originating Lenders' authority to participate as a Virginia Housing Originating Lender upon the happening of any of the following:

- The Originating Lender is required to file a Capital Plan pursuant to the provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended from time to time. The appointment of a receiver or liquidation of, or for the Originating Lender, or the making of an assignment for the benefit of creditors or composition with creditors by the Originating Lender, or an adjudication of insolvency of the Originating Lender, or the filing of an involuntary petition in bankruptcy against the Originating Lender. The Originating Lender agrees that if any of the events specified in this subsection shall occur, it will give written notice thereof to Virginia Housing within two days after the happening of such event. Upon notice of termination, pursuant to this Section, the rights of the Originating Lender and its rights to compensation hereunder shall terminate.
- Virginia Housing receives notice of a planned sale or transfer of a majority ownership interest, merger, consolidation or change in legal structure of the Originating Lender, unless Virginia Housing approves in writing the change.

  Virginia Housing may also terminate the Originating Lender's authority to participate as in the Mortgage Credit Certificate program with or without cause, upon thirty days written notice to the Originating Lender. Refer to Purchase Agreement for more details concerning Termination.

3 Eligibility Requirements and MCC Origination Procedures

Chapter 2 addresses requirements for eligibility for Mortgage Credit Certificates and well as the origination of MCCs. Refer to specific program guidelines for more information.

3.1 Borrower Eligibility Requirements

A. Borrower Age

Borrowers must be eighteen (18) years of age or older, or have been declared emancipated by a court having jurisdiction.

B. Family/Household

One person or multiple persons are eligible to be a borrower or borrowers of a single-family loan if such person or all such persons satisfy the criteria and requirements in these rules and regulations. All references in these rules and regulations to an applicant or borrower shall, in the case of multiple applicants or borrowers, be deemed to refer to each applicant or borrower individually, unless the provision containing such reference expressly refers to the applicants or borrowers collectively.

C. Citizenship

Mortgages are provided to U.S. citizens, permanent resident aliens, or to non- permanent resident aliens provided the borrower occupies the property as a principal residence, has a Social Security Number and is eligible to work in the United States. Lenders are required to certify that borrowers meet these guidelines and provide evidence that the FHA requirements are met. This eligibility applies to all Virginia Housing loan programs.

D. Co-Signers / Non-Occupant Co-Borrowers

Co-signers are not allowed on Virginia Housing loans. All borrowers must occupy the property as their primary residence.

E. Prior Homeownership Three-year Requirement

Eligible borrower(s) may not have had a present ownership interest in his/her principal residence within the three years preceding the date of execution of the mortgage loan documents (loan closing). This requirement does not apply for residences being financed in “targeted areas.” See Section 3.2 for “targeted area” information.

Present ownership interest includes:

- A fee simple interest.
- A joint tenancy, a tenancy in common, or a tenancy by the entirety.
- The interest of a tenant shareholder in a cooperative.
- A life estate.
- A land contract, under which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some later time.

- An interest held in trust for the eligible borrower (whether or not created by the eligible borrower) that would constitute a present ownership interest if held directly by the borrower.
- **Manufactured Home Ownership:** An ownership interest in a manufactured home is considered "present ownership interest" if the manufactured home is permanently attached to land and has had wheels and other components used for transportation removed.

Interests that do not constitute a present ownership interest include:

- An interest in a residence other than a principal residence during the previous three years.
- Remainder interest
- An ordinary lease with or without an option to purchase
- A mere expectancy to inherit an interest in a principal residence
- The interest that a purchaser of a residence acquires on the execution of an accepted offer to purchase real estate
- **Manufactured Home Ownership:** An ownership interest in a manufactured home, which is not permanently attached to the land, does not constitute present ownership interest for purposes of meeting this requirement.

Required documentation to evidence First-time Homebuyer

To verify that the borrower(s) meet the three-year requirement, the Originating Lender must obtain:

- The fully executed Programs Disclosure and Borrower Affidavit (Exhibit E) signed by all borrower(s),
- A completed Uniform Residential Loan Application (Form 1003) executed by all borrower(s), and
- The credit report for all borrower(s).

If unable to confirm from the Exhibit E, Form 1003, or the credit report the borrower(s) are a first-time homebuyer, additional documentation may be required, such as:

- Three years' federal tax returns/tax transcripts
- Rent verification(s)
- Other reports such as a Lender Data Integrity Report (Examples: Drive Report, FraudGuard, Loansafe)

Notes:

- If any of the above items are in the loan file (even if not required) the Originating Lender must review for prior homeownership.
- If the borrower(s) own a dwelling that is not a primary residence, the value of the dwelling will be included in the net worth calculation (See Net Worth Restrictions).

F. Principal Residence/Occupancy Requirements/Use of Property

- **Owner Occupancy:** Borrower(s) must intend to occupy the financed dwelling as a principal residence within 60 days (90 days for rehabilitation loans) after the closing of the loan, or in the case of construction loans, within 60 days after the issuance of an occupancy permit. A certification of the owner occupancy is to be made by the borrower(s) on the Borrower Affidavit (Exhibit E).
- **Leasing Financed Properties:** Borrower's will not be eligible to receive the Mortgage Credit if they are no longer occupying the property as their primary residence.

G. Principal Residence/Property Use/Business Use Restriction

The subject property may not be used for the following:

- As a recreational or second home.
- As investment property.
- The residence being purchased may not have additional living space, which would be typically used for investment or rental purposes.
- Use in a trade or business/Restriction.
    - The financed dwelling may not be used in any manner which would permit more than 15% of the total living area to be used primarily in a trade or business.
        - The borrower(s) must fully execute the Business Use of Home Certification if the borrower has disclosed that a part of the current residence is being used primarily for a trade or business or if there is any other evidence in the file, such as:
        - The employment business address is the same as the borrower's current residence and/or the borrower has marked yes for mixed-use property on the 1003, or
        - Federal tax returns are provided and show the "business in home" deduction was taken (Typically this shows on Schedule C, line 30).
        - The Business Use of Home Certification certifies that not more than 15% of the total living area of the subject property will be used primarily in a trade or business. If greater than 15% will be used in the subject dwelling, then the borrower is not eligible.

H. **Use of Land:** The borrower must certify the following on the Borrower Affidavit:

- No portion of the land financed provides a source of income (other than incidental income).
- He/She does not intend to farm any portion (other than as a garden for personal use).
- He/She does not intend to subdivide property.

I. New Mortgage Requirement/No Refinances

- Loans with an MCC may be made for purchases only. Refinances are not allowed (except as stated below for temporary financing. Loan proceeds may not be made to

acquire or replace an existing mortgage (whether or not paid off). Proceeds may be used to pay off temporary financing (i.e. construction or bridge loans), which have an initial (not remaining) term of 24 months or less.

- Mortgage Credit Certificates will not be eligible if the borrower is using first mortgage financing funded with Mortgage Revenue Bonds. Lenders must confirm that Virginia Housing financing used is not funded by Mortgage Revenue Bonds.
- For the purpose of applying the above requirement, an existing mortgage includes: deeds of trust, conditional land sales contracts (generally where regular monthly installments are paid and applied to sales price), pledges, Purchase Agreements to hold title in escrow, a lease with an option to purchase which is treated as an installment sale for federal income tax purposes and any other form of owner-financing.
- A Virginia Housing loan may be made to finance a residence (including the land) if the borrowers have previously had a mortgage loan on the land only. (See Section 3.1 concerning unattached manufactured homes.)
- Virginia Housing may from time to time provide refinances under specific refinance programs such as FHA Streamline Refinance, VA IRRRL, and Conventional programs, however MCCs are not eligible on refinances.

J. Maximum Borrower(s) Net Worth

- Eligible borrower(s) cannot have a net worth exceeding 50% of the sales price of the dwelling being financed when an MCC is used with Virginia Housing financing. Maximum net worth does not apply to non-Virginia Housing loans with an MCC.
- The value of life insurance policies, retirement plans, and furniture and household goods shall not be included in determining net worth.
- In addition, the portion of the borrower's liquid assets, which are used to make the down payment and to pay closing costs, up to a maximum of 25% of the sales price, will not be included in the net worth calculation.
- Any income-producing assets needed as a source of income in order to meet the minimum qualifying requirements will not be included in the borrower's net worth for the purpose of determining if this net worth limitation has been violated.

K. Maximum Gross Income (Maximum Household Income)

Virginia Housing publishes maximum "gross income" limits, which are established to comply with the limits imposed by the U.S. Treasury limits. The "gross income" as defined below may not exceed the published Virginia Housing income limits. These limits are available at VirginiaHousing.com Income and Sales Price / Loan Limits

- "Gross Income" includes the combined annualized gross income of all borrowers from whatever source derived and before taxes or withholdings."

  Note: Some programs such as Virginia Housing Grant assistance may have different requirements that require the inclusion of all household member income.

- Gross Income is calculated by projecting gross income forward for the 12-month period beginning on the date of loan application. Typically, income such as bonuses, overtime,

and commissions will be averaged for the most recent 12-month period. If information is unavailable for this period, the Originating Lender may average the past year and year to date bonuses, overtime and commissions. This average multiplied by 12 will be added to current base salary to determine gross income. All such earnings must be included in gross income unless the employer documents that such earnings will not be continued.

Note: Income, which may not be eligible for use in credit qualifying, may be required to be included in determining gross income for maximum income eligibility purposes.

- **The following are included in Gross Income:**
  - Base salary,
  - Overtime,
  - Bonuses,
  - Commissions,
  - Part-time and seasonal employment,
  - Dividends,
  - Interest,
  - Royalties,
  - Pensions,
  - Net rental income,
  - Alimony and child support,

    Note: Alimony and child support must be included in determining maximum gross income, if such income is specified in a divorce settlement, separation agreement, or is voluntary. See below for when this income may be excluded.
  - Veterans Administration compensation,
  - All military pay and allowances including periodic bonus payments (see below for any military pay that may be excluded),
  - Public Assistance,
  - Sick pay,
  - Social Security Income/Benefits,
  - Unemployment compensation,
  - Car allowance,
  - Income from trusts, and
  - Income from business activities or investments.

  Notes:

  - Non-taxable income may be “grossed up” per insurer guidelines for qualifying purposes but need not be “grossed up” for maximum income purposes.

- Non-Reimbursed Employee expenses or income losses (schedule C or E) are not to be deducted from "gross income" calculations.

- **The following may be excluded from Gross Income:**
  - Income received as a one-time lump-sum (such as inheritance, settlement of insurance claim, military re-enlistment bonus), which is nonrecurring, does not need to be included in gross annual income.
  - Military hazard duty pay.
  - Alimony or child support does not have to be included if the borrower certifies that the income is not being received and documents that he/she has made reasonable effort to collect the amount due including filing with courts or agencies responsible for enforcing payments.

L. Other Household Member(s) Income for Maximum Household Income (Virginia Housing Grant only)

If the loan is originated with a Virginia Housing Grant, income of other household members must also be included for purposes of determining whether the Virginia Housing maximum income limits have been exceeded. If not using a Virginia Housing Grant, the income of all other household members does not need to be included for household income. Under no circumstances can a non-borrower occupant's income be considered for credit qualifying purposes.

If the income of other household members must be included for household income, it must be disclosed on the Programs Disclosure and Borrower Affidavit (Exhibit E). Any other household member that does not have income must be identified and $0.00 reflected in the annual income section.

M. Dependent(s) Income for Maximum Household Income

- Income of all dependents liable on the loan must be included in the household income calculation.
- Income of dependents not liable on the loan will be excluded from the household income calculation.

Examples of dependents are: minors, students, elderly parents. If information is not disclosed or there are discrepancies noted within the file documentation, then typically dependent(s) can be confirmed on the most recent tax return.

3.2 Property Eligibility Requirements

A. General Requirements

In order to qualify as an eligible dwelling for a Virginia Housing loan, the residence must:

- Be located in the Commonwealth of Virginia.
- Be a single-family residence, a townhouse, or a unit of an eligible condominium.

- The residence may not have additional living space, which would be typically used for investment purposes, such as a living space with separate kitchen, utilities, and access. Exceptions may be considered based on family need and borrower intent for use.
- Be owned or to be owned by borrower in the form of fee simple interest.
- Satisfy the other requirements noted in this section.

B. Virginia Housing Sales Price and Loan Limits

Virginia Housing publishes maximum sales price and loan limits. Properties being financed by Virginia Housing cannot exceed these limits. These limits are available are regularly updated online. To view Virginia Housing limits to go VirginiaHousing.com Income and Sales Price / Loan Limits.

C. New/Existing Construction Defined

An existing dwelling is defined as any dwelling that has been previously occupied and/or is more than 12 months old from the date of completion. New construction is defined as any dwelling, which has never been occupied and is less than 12 months old from the date of completion or issuance of the certificate of occupancy. This definition is used to apply the appropriate sales price limit.

D. Acquisition Cost Requirements

Acquisition cost is the cost of acquiring the eligible dwelling from the seller as a completed residence. The acquisition costs of a property to be financed may not exceed limits, which have been established by the U.S. Department of The Treasury in effect at the time of application. In all cases for new loans, these limits equal or exceed Virginia Housing's sales price limits; therefore, for new loans the residence meets this requirement by meeting Virginia Housing sales price limits. In the event that the acquisition costs exceeds Virginia Housing's sales price limit as a result of the estimated cost to complete unfinished area (see below), the Originating Lender or Servicing Lender must contact Virginia Housing to determine if the residence is eligible.

- **Acquisition Cost includes the following:**
  - Amount paid, in cash or in kind, by the borrower to or for the benefit of the seller (or related party) for the land and the residence (excluding any personal property that is not a fixture).
  - If new construction and personal property items are conveyed (included in the sales price) then the value of those personal property items must be subtracted from the acquisition cost. See below for information about Personal Property (Example Sales Price of $200,000 with $5,000 included for washer, dryer and refrigerator the amount entered would be $195,000).
  - Amount paid, in cash or in kind, by any other person to or for the benefit of the seller (or related party) for the land and residence (excluding any personal property that is not a fixture).
  - Amounts paid for fixtures (if not a part of the price of the land and residence included in the 2 bullets above). Example: Sales Price of $200,000, flooring paid separately to

the flooring supplier in the amount of $10,000 and not included in the sales price paid to the seller – include $10,000 on the line related to fixtures.

- Additional reasonable costs of completing or rehabilitating the residence (whether or not the cost of completing construction or rehabilitation is to be financed with the mortgage loan) if the eligible dwelling is incomplete or is to be rehabilitated. Example, residence that has unfinished areas (i.e. an area designed or intended to be completed or refurbished and used as living space, such as the lower level of a tri-level, unfinished basement, or the upstairs of a cape cod) shall be deemed incomplete, and the costs of finishing such areas must be included in the acquisition cost. Lenders may obtain the cost to complete unfinished areas from the appraiser or by using $15 per square foot for basements and $20 per square foot for above grade areas. Also cost for any rehabilitation or improvements, which have been included in the loan for financing (i.e. cost for energy efficient items) must be included in the acquisition costs.
- Cost of land owned by borrower less than two years prior to commencement of construction of the residence thereon.

- **Acquisition Cost does not include the following:**
  - Usual and reasonable settlement or financing costs, these excluded costs include title insurance, survey fees and other similar costs. Excluded financing costs, credit report fees, legal fees, and appraisal expenses, points that are paid by the borrower. Such amounts must not exceed the usual and reasonable costs which otherwise would be paid. Where the borrower pays more than the typical, pro rata share, the excess is to be included as part of the acquisition costs.
  - The value of services performed by the eligible borrower or members of his family in constructing or completing the residence.
  - The costs of land owned two-years or longer by the borrower.
  - Personal property.
- **Calculation of Acquisition Costs**

  The Originating Lender will assist in the calculation of the acquisition costs. The figures are to be included on the Borrower Affidavit and Seller Affidavit. Information related to the costs of the property and unfinished area should be compared to the information included on the sales contract, Closing Disclosure and appraisal.

E. Personal Property Restrictions

Federal Regulations prohibit Virginia Housing from financing personal property transferring with the residence with Mortgage Credit Certificates. To eliminate the need for adjustment to the sales transaction, the value of the personal property transferring can be offset by any of the following sources: (i) the borrower's down payment; (ii) non-Virginia Housing financing; and (iii) funds contributed (by purchaser or by seller on purchaser's behalf) at closing for purchaser's closing costs. For the purpose of this announcement, these funds are referred to as "Good Funds."

- To ensure that the fair market value of the personal property transferring with the residence does not exceed the Good Funds, the Seller Affidavit (Exhibit F) and Borrower Affidavit (Exhibit E) are structured to include this information:
    - **Seller Affidavit:** In section 3, the seller states the value of the personal property. This statement is applicable only to new construction. It has been added because the value of the personal property in new construction may be substantial and should be easily quantifiable by the seller/builder.
    - **Borrower Affidavit:** Section 14 – the borrower(s) certify that the fair market value of any personal property does not exceed the sum of (i) their down payment; (ii) any non-Virginia Housing financing; and (iii) closing costs which they reasonably expect to pay, or expect the seller to pay on their behalf, at loan closing.
- The Originating Lender must review the Seller Affidavit (if new construction) and Borrower Affidavit to be certain that the fair market value of the personal property transferring with the residence does not exceed the Good Funds.
- If the Good Funds are greater than the value of the personal property, a separate bill of sale for the personal property or an addendum to contract deleting the personal property is not required.
- In the event the Originating Lender determines that the Good Funds are less than the fair market value of the personal property, the Originating Lender must contact Virginia Housing for additional instructions prior to processing the loan.
- Failure by the Originating Lender to properly examine the Seller Affidavit (if new construction) and Borrower Affidavit for these personal property issues may result in the transaction deemed ineligible for a Mortgage Credit Certificate.

F. Maximum Lot Size

The maximum lot size is 2 acres. Exceptions may be made to permit lots larger than 2 acres, but in no event in excess of 5 acres. Exceptions to the 2-acre limit may be granted based on any one or more of the following:

- If the land is owned free and clear and is not to be financed by the loan, the lot may be as large as 5 acres.
- If difficulty is encountered locating a well or septic field, the lot may include the additional acreage needed.
- If local city or county ordinances (not just subdivision restrictions) require more acreage.
- If the lot size is determined to be usual and customary in the area for comparably priced homes.
- The acreage is not in excess of basic livability of the residence, and does not provide, other than incidentally, a source of income to the mortgagor, and the lot cannot be subdivided.

This subsection is intended to allow for consideration of lots over 2 acres in rural areas where smaller parcels are not usual and customary and are not readily available. In determining if

subsection is applicable, the lot sizes of the comparable sites provided by the appraiser must demonstrate that size is usual for similarly priced homes in the area. The appraiser must also indicate that the lot size is typical for homes of similar price and size in the area.

Note: **Acreage Exceptions:** The lender's underwriter must review and render a decision and must acknowledge the acreage exception on a memo to the file sent to Virginia Housing for purchase. Justification for the exception must be included. A minimum of two comparable properties should support the acreage.

G. Appraisals

The Originating Lender is responsible for obtaining and submitting a Uniform Residential Appraisal Report that has been prepared by an appraiser licensed in the State of Virginia. Appraisal waivers are not permitted.

H. Manufactured Homes

Homes built to Federal Manufactured Home Construction Safety Standards, administered by HUD. The homes are built on wheeled chassis, which remain a basic structural element. Manufactured homes are acceptable but must be permanently attached to the land in accordance with the insurer requirements.

I. Targeted Areas

A targeted area is an area that meets one of the definitions below:

- **Qualified Census Tract:** A census tract in the Commonwealth of Virginia in which 70% or more of the families have an income of 80% or less of the state-wide median family income based on the most recent "safe harbor" statistics published by the U.S. Treasury.
- **Chronic Economic Distress:** An area designated as such by the Commonwealth of Virginia and approved by the Secretaries of Housing and Urban Development and the Treasury under criteria specified in the tax code.
- **Eligibility/Waiver of Three-year Prior Homeownership Requirement:** Mortgage loans for dwellings located in targeted areas must comply in all respects with the requirements of the regulations and those stated in this guide, with the exception of the three-year requirement (prior homeownership). The borrower must submit federal income tax records for the preceding federal tax year only. This will only be used to verify that borrowers have not used previous residences in a trade or business (not to verify prior homeownership).
- **Documenting Targeted Areas:** Originating Lenders must indicate on the Originating Lender's Loan Submission Cover Letter (Exhibit O) the target area status (targeted area yes or no).
- **Locating Targeted Areas:** Should an Originating Lender need assistance in determining targeted areas, they can visit Areas of Economic Opportunity on Virginia Housing's website or they can call their local city/county planning office.
- **Federal Targeted Area Limits:** Some, but not all properties located in a Targeted Area have higher income and sales price limits. The higher Targeted Income limits do not

apply to loans originated with the DPA Grant or CCA Grant. Refer to the Federal Targeted Income limits Virginia Housing's website.

3.3 MCC Origination Procedures

Virginia Housing Mortgage Credit Certificate Portal

A. Registration

Each approved lender will identify one individual as their System Administrator for the MCC Portal.

Lender will identify specific individuals to be registered and have access to the MCC Application System. Lender will complete the MCC User Access Request Form and submit to Virginia Housing. These individuals will receive notifications regarding status changes and have access to submit MCC applications, upload documents and access forms. All MCC applications and documents must be submitted through the MCC portal (unless originating an MCC in combination with a Virginia Housing first mortgage, then the documents and file will be uploaded to Mortgage Cadence).

IMPORTANT – Mortgage Credit Certificate funds are allocated for a borrower only after all application documents are submitted to Virginia Housing and Virginia Housing issues a Mortgage Credit Certificate Commitment. Funds are allocated based on availability at the time of issuance of the MCC Commitment by Virginia Housing.

B. Submission for MCC Commitment (Pre-Closing) – Virginia Housing Loans

- **Delegated Loans:**
  - Confirm the MCC box in Mortgage Cadence is checked.
  - After delegated submission through Mortgage Cadence, lender's underwriter uploads the fully executed MCC Homebuyer Application and Fact Sheet to Mortgage Cadence.
  - Virginia Housing will process the request and send notification to the lender via email that the MCC Commitment is available in Mortgage Cadence.
- **Non-Delegated Loans:**
  - Confirm the MCC box in Mortgage Cadence is checked.
  - Lending underwriter uploads the fully executed MCC Homebuyer Application and Fact Sheet separately from all other documents required for submission to Virginia Housing Underwriting (See Virginia Housing's Underwriting Submission Checklist) into Mortgage Cadence.
  - Virginia Housing will process the request after the loan is reviewed by Virginia Housing Underwriting and found to be acceptable. Notification will be sent to the lender via email that the MCC Commitment is available in Mortgage Cadence.

  Note: Do not upload MCC documents to the MCC EDT Portal on Virginia Housing loans.

C. Submission for MCC Commitment (Pre-Closing) – Non-Virginia Housing Loans

- Upload required documents (see below) to MCC EDT Portal.

- Required documents:
  - Fully executed MCC Homebuyer Application and Fact Sheet
  - Programs Disclosure and Borrower Affidavit (Ex E): Fully executed by all borrowers
  - Seller Affidavit (Ex F): Fully executed by all sellers
  - Originating Lender's Submission Cover Letter (Ex O): Fully executed by underwriter
  - Loan Application (1003)
  - Credit Report
  - Lender Data Verification Report (If available; Examples: Drive Report, FraudGuard, Loansafe)
  - If unable to confirm from the Exhibit E, Form 1003 or the credit report the borrower(s) are first-time homebuyer, additional documentation may be required, such as:
    - Three years' federal tax returns/tax transcripts
    - Rent verification(s)
  - Income documentation used to calculate maximum household income
  - Divorce Decree/Separation Purchase Agreement (if applicable)
  - Sales Contract: Copy provided must be fully executed with all addendums
  - Appraisal: Copy provided must include all applicable documentation (Appraisal waivers are not permitted when a loan has an MCC)

D. Submission for MCC issuance (Post-Closing) – Virginia Housing Loans

- Include the Originating Lender's Post Closing Cover Letter (Ex P) and signed Recapture Notice as well as other documents required for submission to Virginia Housing after the loan has closed (See Loan Stacking Form).

E. Submission for MCC Issuance (Post-Closing) – Non-Virginia Housing Loans

- Upload remaining required documents (see below) to MCC EDT Portal.
  - Closing Disclosure
  - Note
  - Transfer Deed or Deed of Bargain and Sale
  - Final Loan Application (1003 signed)
  - Originating Lenders Post Closing Cover Letter (Ex P)
  - Recapture Tax Notification (signed and dated)
- Also include the MCC Administration Fee payable to Virginia Housing for $750 To be delivered by mail to Virginia Housing (waived if first mortgage is Virginia Housing loan)

Mail to: Virginia Housing
601 S. Belvidere St.
Richmond, VA 23220
Attention: MCC Department
(include MCC Commitment and identify borrower name & MCC #)

4 Recapture Tax

All loans, which are funded from one of Virginia Housing's Tax-exempt Bond Loan Programs, may be subject to the Recapture Tax explained in this section.

Note: The following is for information purposes only. The borrower should consult a tax advisor or the IRS for more specific information. An informational video and Recapture Calculator are available on VirginiaHousing.com.

4.1 Explanation of Recapture Tax

A. Purpose

Congress enacted legislation in 1988, which was subsequently amended in 1990, to recapture some or all of the subsidy (savings realized from the lower interest rate) from first-time homebuyers who receive assistance from financing through tax-exempt bonds. The purpose of recapture is to retrieve the subsidy received from owners who received rapid income increases after they purchased their home, and as a result, do not need the subsidy to remain home owners. Recapture became effective for loans closed after December 31, 1990.

B. Recapture Concept

The recapture of subsidy (interest) on a mortgage is triggered when the residence is sold or transferred within nine years of the purchase date. The recapture is actually paid as additional federal tax liability for the tax year in which the home is sold. The amount of recapture that owners might have to pay depends on:

- The owner's income during the tax year in which the home is sold
- The household size during the tax year in which the home is sold
- The year the home is sold (1 - 9)
- The amount of net gain realized from the sale of the residence

Note: The refinancing of the Virginia Housing loan does not trigger recapture.

C. Disclosure of Recapture

At loan closing, the purchaser will be provided a Notice of Recapture along with a Federal Income Limits chart. These documents should be maintained with other critical closing documents, as these will be necessary for the owner to calculate any potential recapture tax that may be required upon sale of the property. An example of these documents may be provided to the borrower prior to closing; however, it is important that the documents provided at closing are the ones retained for future tax calculation.

4.2 Explanation of Recapture Tax Calculations

A. Maximum Recapture Tax

Once determined that a tax will be due, the tax will be limited to the lesser of:

- 1.25% - 6.25% (determined by year in which property is sold- See F2) of the amount of the loan funded by the mortgage revenue bond (see Note below) or
- 50% of the gain (net) on the sale of the property (gain minus improvements, commissions, fees, etc.)

Note: Many Virginia Housing loans are now made from a combination of tax-exempt bonds and taxable bonds. Only the portion of the loan made from a tax-exempt bond would be subject to recapture and to this calculation. This amount will be noted on the Notice of Recapture provided at closing.

B. Guidelines for Recapture Requirement

- It is suggested that homeowners who have financed properties with mortgage revenue bonds, consult a tax advisor for assistance in Recapture Tax calculations.

  Recapture tax will not be owed if:

  - The owner's modified adjusted gross income in the year in which the residence is sold does not exceed the allowable limit (refer to chart) or
  - There is no gain on the sale of the property (adjusted for allowable costs)

- **Allowable Adjusted Qualifying Income**

  Refer to the Adjusted Qualifying Income Chart provided to the borrower at closing.

  Determine the applicable Maximum Adjusted Qualifying Income on the chart. This is based on the area of the property; the number of people in the household, if the property is in a targeted or non-targeted area, and the year the home was sold. Then determine the owner’s Modified Adjusted Gross Income. Modified Adjusted Gross income is the adjusted gross income reflected on the federal income tax for the tax year the property is sold, in addition to any interest received from tax-exempt bonds and minus any the gain included as a result of the sale of the subject property. If the Modified Adjusted Gross income is less than the Maximum Adjusted Qualifying Income from the chart - No further calculations are needed - No Recapture Tax will be due.

C. Calculation of Recapture

There are several steps required to calculate the actual recapture amount owed. Once it has been determined that the owner's income is such that a recapture tax is to be paid, several adjustments may be made which may reduce the amount of tax to be paid.

- **Adjustment to Income:** If the owner's Modified Adjusted Gross Income exceeds that in the federal income chart, an adjustment to the amount of tax owed could be possible. If the Modified Adjusted Gross Income exceeds the allowed federal limit by $5,000.00 or more, then 100% of the required tax will be due. If it exceeds the allowed federal limit by less than $5,000.00, only a percentage of the tax will be due. Subtract the federal Adjusted Gross Income limit from the owners Modified Adjusted Gross Income then divide this figure by 5,000.00. This resulting percentage will be used in the calculation in 3 below.
- **Adjustment for Holding Period:** The percentage of tax will be no greater than 6.25% but may be as low as 1.25% of the loan amount. The applicable percentage is based on

the year in which the property is sold. The percentage begins at 1.25% if sold in the first year and increases by 20% per year-to-year five when 100% of the tax or 6.35% of the loan amount may be due. The percentage then decreases by 20% per year to the ninth year. The Holding Period percentage can be found on the Federal Income Limits chart attached to the Recapture Requirement Notice provided at closing. The appropriate percentage will be used in the final calculation below.

- **Final Calculation:** The Recapture Tax due will be the lesser of:
  - 50% of the net gain on the sale of the property or
  - The final Recapture Calculation - Mortgage Revenue Bond Loan Amount
  - X 6.25%
  - X any adjustment for Income (1 above)
  - X any adjustment for Holding (2 above)

  Recapture Calculator: Click here.

5 Homeownership Education

5.1 Virginia Housing's Homeownership Education Program

Virginia Housing's Homeownership Education Program is available either online or a classroom setting. A Virginia Housing homeownership program must be completed prior to loan approval (for loans with a Virginia Housing first mortgage) to be eligible for a Mortgage Credit Certificate.

6 Loan Assumption, Transfer of Title or Refinance

6.1 MCCs Not Eligible

The Mortgage Credit Certificate will no longer be valid if the property title is transferred or if the loan is paid off. A Mortgage Credit Certificate will not be re-issued.

7 Explanation of Virginia Housing Forms, Exhibits, and Documents

Virginia Housing forms, exhibits, and documents are located on Virginia Housing's website. Originating Lenders are responsible for duplicating, purchasing from a forms provider, or accessing on VirginiaHousing.com all necessary documents used on Virginia Housing loans. The Originating Lender is responsible for the accuracy of all documents and using the most current version.

7.1 Virginia Housing Origination Forms, Exhibits, and Documents

In addition to standard industry loan documents and disclosures, Virginia Housing has several documents which must be executed which attest to compliance with specific Virginia Housing program requirements, federal regulations related to tax exempt bond requirements and Mortgage Credit Certificate regulations. The information below addresses these forms and any unique requirements related to the execution or completion of these forms.

A. Programs Disclosure and Borrower Affidavit (Exhibit E)

This document includes special disclosures and program information unique to Virginia Housing programs, and Mortgage Credit Certificates. The borrower is requested to acknowledge their intent to request a Mortgage Credit Certificate and/or a Virginia Housing Grant (if available) on page one.

- **Borrower Affidavit**

  The Borrower Affidavit (pages 3 – 4) attests to the borrower's compliance with federal regulations. It must be signed by all borrower(s). The Originating Lender should assist in completing this document. On Page 4 any borrower income not used to qualify and other household member income (required for Virginia Housing Grant) are required to be disclosed. Pages 3 – 4 are not required for Conventional loans without a Virginia Housing Grant, Plus Second Mortgage, or an MCC.

  The acquisition costs portion of this form, attest to the actual cost of the residence as a completed dwelling to ensure this value is in compliance with Federal Safe Harbor Sales Price limits. If the final Acquisition Costs figure exceeds Virginia Housing's sales price limit as a result of the estimated cost to complete unfinished area, contact Virginia Housing for approval prior to proceeding.

- **Power of Attorney (POA):** A representative of the borrower may execute the Programs Disclosure and Borrower Affidavit (Exhibit E), as long as at least one borrower signs in person. Documentation demonstrating the validity of the power of attorney is required.

B. Seller Affidavit and Acknowledgement (Exhibit F)

The Seller Affidavit is the document on which the seller(s) attest to compliance with certain federal requirements related to the property and the terms of the sales transaction. The Seller Affidavit also includes the Acquisition Costs figures noted on the Borrower Affidavit. The Seller Affidavit must be signed by all sellers appearing in the vested clause of Schedule A of the title binder.

- **Power of Attorney (POA):** A representative of the seller may execute the Seller Affidavit and Acknowledgment (Exhibit F) using a power of attorney. Documentation demonstrating the validity of the power is required.

- **Estates:** In circumstances where the property is being sold by an Estate or Executor, ensure the individual signing on behalf of the Estate is authorized.
    - The signature of only one heir may be acceptable if this same heir signed the sales contract and deed. This individual must have knowledge concerning the terms of the sales contract and familiar with the property.
- **Bank Owned Properties:**
    - A representative of the seller (bank) must execute the Seller Affidavit. If the bank has contracted with a third party management company to sell the property, Virginia Housing will allow the signature of the management company as power of attorney for the bank. The same management company representative must execute the Sales Contract, Deed, and Seller Affidavit.
    - Exceptions for properties sold by FHA, VA, Rural Development, Fannie Mae, and Freddie Mac must be submitted to Virginia Housing for consideration.

C. Originating Lender's Submissions Cover Letter (Exhibit O)

Originating Lenders attest to reviewing all loan documents for compliance with Federal requirements including calculation of household income. The Originating Lender is responsible for determining the estimated value of any personal property items cited in the sales contract and costs of completing any unfinished area. These figures are included on this document for calculation of the Acquisition Costs on the Borrower and Seller Affidavits. The underwriter of the Originating Lender must sign this document.

D. Virginia Housing Closing Documents, Forms and Exhibits

In addition to standard industry loan documents and disclosures, Virginia Housing has several documents which must be executed that attest to compliance with federal regulations related to tax exempt bond requirements and special Virginia Housing regulations. The information below addresses these forms, and any unique requirements related to the execution or completion of these forms.

- **Originating Lender's Post Closing Cover Letter (Exhibit P):** Must be executed by the lender certifying the loan is in compliance with Virginia Housing requirements.
- **Notice of Servicing Transfer (Hello/Goodbye)**
- **Summary of Recapture Tax Requirements (Exhibit Z):** Applicable to the Mortgage Credit Certificate (MCC) loan program only. The Originating Lender will send the Recapture Notice which has been provided by Virginia Housing to the Closing Agent. The original should be provided to the borrower who should retain for future filing of taxes if the property is sold within the first nine years of the loan.
- **Award Letter:** If the loan is originated with a DPA Grant, CCA Grant, or a Plus Second Mortgage, Virginia Housing will provide the letter. The Originating Lender will send the letter to the Closing Agent to be provided to the borrower.
- **Compliance Agreement (Exhibit CA):** The Originating Lender will send the agreement to the Closing Agent to be provided to the borrower.

8 Virginia Housing Fair Housing Policy



8.1 VIRGINIA HOUSING FAIR HOUSING POLICY

Virginia Housing does business in accordance with federal and state fair housing law.

UNDER THE FEDERAL FAIR HOUSING ACT, IT IS ILLEGAL TO DISCRIMINATE AGAINST ANY PERSON BECAUSE OF RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS (HAVING ONE OR MORE CHILDREN), OR NATIONAL ORIGIN IN THE FOLLOWING ACTIVITIES:

sale or rental of housing or residential lots

advertising the sale or rental of housing

financing of housing (including mortgage loans)

provision of real estate brokerage services

appraisal of housing.

Blockbusting is also illegal.

IF YOU BELIEVE YOU HAVE BEEN DISCRIMINATED AGAINST IN VIOLATION OF THE FEDERAL FAIR HOUSING ACT, YOU SHOULD SEND A COMPLAINT TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD") AT:

1-800-669-9777 (Toll Free)

1-800-927-9275 (TTY)

www.hud.gov

U.S. Department of Housing and

Urban Development

Assistant Secretary for Fair Housing and

Equal Opportunity

Washington, D.C. 20410

UNDER THE FEDERAL EQUAL CREDIT OPPORTUNITY ACT ("ECOA"), IT IS ILLEGAL TO DISCRIMINATE IN ANY CREDIT TRANSACTION, INCLUDING A MORTGAGE LOAN:

On the basis of race, color, national origin, religion, sex, marital status, or age;

Because all or part of borrower's income is from public assistance; or

Because borrower has exercised a right under the Consumer Credit Protection Act.

IF YOU BELIEVE YOU HAVE BEEN DISCRIMINATED AGAINST IN VIOLATION OF ECOA, YOU SHOULD SEND A COMPLAINT TO THE FEDERAL TRADE COMMISSION ("FTC") AT:

Online: www.ftc.gov

Phone: 1-877-FTC-HELP (1-877-382-4357);
TTY: 1-866-653-4261

Mail: Write to:
Federal Trade Commission
Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580

UNDER THE VIRGINIA FAIR HOUSING LAW, IT IS ILLEGAL FOR ANY MORTGAGE LENDER TO DISCRIMINATE AGAINST ANY PERSON IN MAKING AVAILABLE SUCH A LOAN, OR IN THE TERMS OR CONDITIONS OF SUCH LOAN, OR IN THE MANNER OF PROVIDING SUCH A LOAN, BECAUSE OF RACE, COLOR, RELIGION, NATIONAL ORIGIN, SEX, ELDERLINESS (DEFINED AS AGE 55 OR OLDER), FAMILIAL STATUS, OR HANDICAP.

IF YOU BELIEVE YOU HAVE BEEN DISCRIMINATED AGAINST IN VIOLATION OF VIRGINIA FAIR HOUSING LAW, YOU SHOULD SEND A COMPLAINT TO THE VIRGINIA FAIR HOUSING OFFICE AT:

Virginia Fair Housing Office
9960 Mayland Drive, Suite 400
Richmond, VA 23233

Phone: (804) 367-8530.
Toll free call (888) 551-3247.
For TDD users, please call the Virginia Relay by dialing 7-1-1
Email: fairhousing@dpor.virginia.gov