

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY  
SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM**

The Housing Finance Authority of Palm Beach County, Florida (the "Issuer"), hereby announces its intention to sponsor a program to reduce home loan financing costs within Palm Beach County, Florida (the "County"). The Issuer intends to establish a mortgage credit certificate program which will entitle first-time homebuyers to a federal income tax credit (the "Program"). A tax credit is a direct reduction of taxes due. Under the Program a homebuyer would receive a mortgage credit certificate entitling homebuyers to reduce their taxes by ten percent (10%) to fifty percent (50%), such percentage to be determined by the program administrator Denihan and Associates (the "Administrator") on a case by case basis, of the amount of interest paid on their home loan (not to exceed \$2,000 per year if the credit percentage exceeds 20%). The tax credit is available each year that the borrower continues to live in the home financed under the Program.

In order to qualify for the Program, federal law requires that a homebuyer satisfy each of the following guidelines:

1. *Principal Residence.* The homebuyer must occupy the home financed under the Program as his/her principal residence within a reasonable period, not to exceed 60 days, after the financing is provided. A principal residence is a home occupied primarily for residential purposes. A principal residence does not include a home used as an investment property, as a recreation home or a home 15 percent or more of the total area of which is used in a trade or business.

2. *First-Time Homebuyer.* Each homebuyer must be a first-time homebuyer. Any person who has not owned his/her principal residence at any time during the three years prior to closing a loan financed in connection with the Program is considered a first-time homebuyer. This requirement does not apply to loans in certain areas designated as targeted areas (collectively, the "Targeted Area" – see Administrator website [www.ehousing.co/palmbeach10.htm](http://www.ehousing.co/palmbeach10.htm) for locations) and to loans to veterans if such veteran has not previously qualified for and received financing under either a mortgage credit certificate program or a qualified mortgage revenue bond program.

3. *Purchase Price.* Under the Program, the purchase price for residences may not exceed 90 percent (110 percent with respect to residences located in Targeted Areas) of the average area purchase price applicable to the residence. For this purpose, the "average area purchase price" is based upon the average purchase price of single family residences determined pursuant to applicable federal law with respect to both new and existing one, two, three and four unit residences. The current maximum purchase prices for homes under the Program are as follows:

<u>New and Existing Homes</u>	<u>Non-Targeted Area</u>	<u>Targeted Area</u>
One Unit	\$381,375	\$466,125
Two Unit	\$488,205	\$596,695

Three Unit	\$590,130	\$721,270
Four Unit	\$733,410	\$896,390

These limitations are subject to adjustment periodically.

4. *New Mortgage.* The mortgage loan financed in connection with the Program is required to be a new mortgage loan and may not replace a prior mortgage loan on the home (whether or not previously repaid). The mortgage credit certificates are available in connection with any 30 year, fixed rate mortgage loan which is (i) a government loan eligible for purchase by GNMA, (ii) a conventional loan eligible for purchase by Fannie Mae or Freddie Mac, or (iii) a special loan with reduced costs offered by lending institutions and approved by the Issuer. Any lending institution is eligible to provide mortgage loans in connection with the Program as long as they are willing to follow Program requirements. A list of lenders that has agreed to follow Program requirements can be found at [www.ehousing.cc/palmbeach10.htm](http://www.ehousing.cc/palmbeach10.htm)

5. *Income.* Under the Program, the maximum family income for households of 3 or more persons may not exceed 115 percent (140 percent with respect to residences located in Targeted Areas) of the applicable median family income, subject to adjustment for high housing cost areas. For a family of 2 or fewer persons, the maximum family income may not exceed 100 percent (120 percent with respect to residences located in Targeted Areas) of the applicable median family income, subject to adjustment for high housing cost areas. The current limits on annual gross income for households under the Program are as follows:

	<u>Non-Targeted Area</u>	<u>Targeted Area</u>
Families of 1 or 2 persons	\$ 90,480	\$ 90,480
Families of 3 or more persons	\$105,560	\$105,560

These limitations are subject to adjustment periodically. Gross income includes salary and wages, including overtime, as well as dividends, alimony, public assistance, social security, unemployment compensation and investment income.

6. *One- to Four-Family Home.* The residence financed in connection with the Program must be a one- to four-family residence. A one-family residence includes a detached home, one unit of a duplex, a townhouse or a condominium unit. If the residence is a two- to four-family residence, one unit of the residence must be the principal residence of the owner of the units and (with limited exceptions) the residence must have been first occupied for residential purposes at least five years prior to closing the loan financed in connection with the Program. Land adjoining the home is considered part of the home only if it maintains the home's livability and is not, other than incidentally, a source of income to the owner.

7. *Program Area.* In order to be eligible for a certificate, the home financed in connection with the Program must be located in the County.

8. *Homebuyer Education Class.* Each Homebuyer must agree to participate in a Homebuyer Education Class approved by the Issuer prior to being eligible to receive a mortgage credit certificate.

9. *Optional Down Payment Assistance Second Mortgages.* The Issuer will provide a limited amount of funds to purchase from Participating Lenders second mortgage loans originated in connection with first mortgage loans made under the Program to a first-time homebuyer. The terms will include an amount not exceeding \$5,000, will be non-amortizing with principal and accrued simple interest at a rate of 3% due upon default/acceleration or foreclosure, refinancing or maturity of the first mortgage or sale of the residence, with proceeds thereof to be used for down payment or closing costs. These second mortgage loans will be available on a first come, first served basis until exhausted.

Under the Program, mortgage credit certificates will be issued to eligible borrowers on a first-come, first-served basis. The certificates are available in connection with only those types of new mortgages as discussed in paragraph 4 above. Any lending institution that signs a Participation Agreement is eligible to provide mortgage loans in connection with the Program.

This notice contains only a summary of the requirements under the Program. Applications and more detailing information about the Program are available on the Administrator's website [www.ehousing.cc/palmbeach10.htm](http://www.ehousing.cc/palmbeach10.htm) or at the address listed below.

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