

**NOTICE TO PUBLIC AND TO ALL
INTERESTED MORTGAGE LENDERS
PENNSYLVANIA HOUSING FINANCE AGENCY
MORTGAGE CREDIT CERTIFICATE PROGRAM**

Notice is hereby given that the Pennsylvania Housing Finance Agency (the "Agency") proposes to utilize private activity issuing authority to fund its Mortgage Credit Certificate ("MCC") Program. MCCs are a form of federal income tax credits to eligible homebuyers and are subject to all applicable rules and regulations set forth in governing federal tax law. MCCs may be available to individuals who meet all of the following requirements: (1) A MCC will be issued only to an eligible applicant in connection with the purchase of a new or existing single-family residence located in the Commonwealth of Pennsylvania. For the MCC Program, a single-family residence means structurally sound and functionally adequate housing (as a type generally taxed as real estate) including fixtures, along with the real estate appurtenant thereto reasonably necessary to maintain the residence's habitability. No more than 15% of the residence being purchased can be used in a trade or business in accordance with tax requirements. (2) The MCC must be applied to a single-family residence that is the applicant's principal residence, which the applicant intends to occupy within sixty (60) days from the loan closing date. (3) The applicant cannot have held an ownership interest in a principal residence at any time during the 3-year period prior to the date on which the mortgage on the residence in connection with the MCC is provided is executed by the applicant. An exception to this requirement may be available in certain targeted areas of the Commonwealth or to eligible military veterans who have not previously received either an MCC or a loan financed by certain tax-exempt housing bonds. (4) The purchase price of the single-family residence may not exceed the purchase price limits set from time to time (at least annually), a listing of which may be obtained from the Agency. (5) Applicant's total household income cannot exceed the applicable limits set from time to time (at least annually), a listing of which may be obtained from the Agency. (6) The MCC cannot be issued in connection with a mortgage loan that pays off an existing mortgage or land contract (except for certain construction period and temporary loans). (7) The MCC may not be issued with respect to any residence which is financed from the proceeds of a "qualified mortgage bond" or a "qualified veterans' mortgage bond" as defined in Section 143 of the Internal Revenue Code of 1986, as amended. (8) MCCs will be issued only as approved by the Agency in response to applications (which must be completed by an eligible applicant and submitted to the Agency for approval through a mortgage lender).

Homebuyers must be qualified for an MCC pursuant to the applicable federal tax law and all governing regulations which shall control in the event of any conflict with the description above. The homebuyer must meet credit and underwriting criteria established in connection with the underlying mortgage financing and must sign all documents and affidavits necessary to participate in the MCC program. The Agency currently intends to use up to \$200,000,000 of its private activity volume cap to convert into authority to issue MCCs, effective January 1, 2019.

A public hearing will be held to discuss the Agency's MCC Program at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania 17101 on Friday, November 9, 2018 at 10:00 a.m.

Any person interested in obtaining additional information about the MCC Program may contact Coleen Baumert or visit the Agency's website at www.phfa.org. Any mortgage lenders interested in appearing on the participating lenders list or in obtaining additional information regarding the MCC Program should contact:

Coleen Baumert, Director of Homeownership Programs, Pennsylvania Housing Finance Agency, P.O. Box 8029, Harrisburg, PA 17105-8029, Phone: 717.780.3891

Any person wishing to testify at this hearing may appear at that time or may submit written testimony. An individual who intends to testify in writing should mail such written statement to the following person prior to the date of the hearing:

Carrie M. Barnes, Secretary, Pennsylvania Housing Finance Agency, P.O. Box 8029, Harrisburg, PA 17105-8029, Phone: 717.780.3911

If you are a person with a disability and wish to attend this public hearing, and require an auxiliary aid, service or other accommodation to participate, please contact the Secretary by Tuesday, November 6, 2018 to discuss how the Agency may best accommodate your needs.

This notice is published in accordance with the requirements of the Internal Revenue Code of 1986, as amended, (i) Treasury Regulation Section 1.25-7T issued thereunder as to providing reasonable public notice of the eligibility requirements for MCCs and the methods by which they are issued, and (ii) Treasury Regulation 1.25-3T(j)(4) issued thereunder regarding maintaining a list of participating lenders. This notice may also be found on PHFA's website at www.phfa.org/news under the heading Public & Legal Notices.

The Agency reserves the right to update and supplement information regarding this Program and we invite the public to visit www.phfa.org for the most updated information.