

EXHIBIT F

MORTGAGE CREDIT CERTIFICATE (MCC) PROGRAM

**MORTGAGOR'S NOTICE OF POTENTIAL BENEFITS
PROVIDED BY A MORTGAGE CREDIT CERTIFICATE (MCC)**

If you are considering applying for a Mortgage Credit Certificate (an "MCC") through a lender, it is **EXTREMELY IMPORTANT** that you understand the potential benefits an MCC may or may not provide you in being able to afford your contemplated home purchase.

Please review the General Overview of an MCC (below). **IT IS STRONGLY RECOMMENDED THAT YOU CONTACT A TAX PROFESSIONAL BEFORE APPLYING FOR AN MCC IN ORDER TO DETERMINE THE POTENTIAL BENEFITS AN MCC MAY PROVIDE YOU.** The Montana Board of Housing reviews MCC applications, based on the contents of such applications, solely for compliance with program guidelines and does not determine whether a particular applicant will benefit from an MCC.

General Overview

An MCC permits a qualifying buyer purchasing a qualifying home to claim a tax credit that may reduce the buyer's federal income tax liability, if any. Mortgagors may use their tax savings to help with their home mortgage payments.

The size of the annual tax credit will be 20% of the annual interest paid on the certified portion of the mortgage. **THE CREDIT TAKEN CANNOT BE LARGER THAN THE HOME MORTGAGOR'S ANNUAL FEDERAL INCOME TAX LIABILITY, AFTER DEDUCTIONS, PERSONAL EXEMPTIONS AND CERTAIN OTHER CREDITS ARE TAKEN INTO ACCOUNT.** An MCC credit in excess of the current year tax liability may be carried forward for use in the subsequent three years (if the homebuyer still has a federal income tax liability following use of the subsequent year's MCC credit). In any case, the amount of the credit will reduce the homebuyer's home mortgage interest deduction.

As an example, you decide to purchase a home for \$110,000, and can obtain a \$100,000 mortgage at 6% for 30 years. Your interest on the loan for the first year (12 months) would be approximately \$6,000. (The annual interest amount decreases yearly over the life of the mortgage). If you have an MCC, you could claim a tax credit for 20% of the interest amount paid, or \$1,200, in the first year. This credit would reduce the amount of federal income tax you would otherwise owe (assuming your tax liability after certain other credits is at least \$1,200) when filing your tax return. In the alternative, it might increase the amount of refund owed you from taxes withheld from your wages. If you expect a refund, you might adjust your federal income tax withholding in advance to benefit from the credit on a monthly basis and thus, have more disposable income each month with which to make your mortgage payments. In order to claim the credit, you must use a Form 1040 when filing your taxes. You may not use Form 1040A or 1040 EZ. Your deduction for home mortgage interest on Schedule A of Form 1040 would be \$4,800 (\$6,000 of home mortgage interest you paid, minus the \$1,200 credit amount).

If you have decided to apply for an MCC after considering the above, please acknowledge such by signing and dating this form. Your lender is required to submit it to Montana Board of Housing with your MCC application.

Applicant

Date: _____

Applicant

Date: _____