



TO: Participating Lenders

FROM: Vicki Bauer, Homeownership Program Manager

RE: Proposed Federal Tax Reform effect on Montana Board of Housing Programs

MCC: The Mortgage Credit Certificate program provides benefits to first-time homebuyers by increasing affordability through a federal tax credit. Unfortunately, the current version of the proposed tax reform (H.R. 1) will impact the availability of this program offered by Montana Board of Housing. If the tax reform passes as proposed, it will eliminate MBOH's ability to issue Mortgage Credit Certificates.

Page 74 of the U.S House Republicans' Tax Reform plan (H.R. 1), released Friday, November 3, 2017, states:

“(k) TERMINATION. —No credit shall be allowed under this section with respect to any mortgage credit certificate issued after December 31, 2017.”

Due to the uncertain outcome of this reform plan, MBOH is implementing the following guidelines:

- 1) A Mortgage Credit Certificate (MCC) may not be reserved after Friday, December 1, 2017.
- 2) All loans must be closed and the MCC package must be submitted and cleared of deficiencies on or prior to December 18, 2017 so that MCC certificates may be issued prior to year-end. There is no guarantee that MCC certificates will be issued for any submission after December 18, 2017.

LOAN PROGRAMS: Montana Board of Housing has funds available and is accepting loan reservations in all mortgage loan programs. To continue funding our programs as the House and Senate work through tax reform, Montana Board of Housing will issue Convertible Option Bonds before December 31, 2017 so there will be no interruption in our ability to fund loans.

We will continue to update MBOH-approved lenders as developments arise. Thank you for your valued partnership.

November 22, 2017