

WHERE TO APPLY

This Application Affidavit should be mailed to the Program Administrator at the following address:

COMMUNITY INVESTMENT CORPORATION
2033 East Grant Road
Tucson, Arizona 85719
Attention: MCC Program Administration

1. **APPLICATION PROCEDURE. YOU MUST APPLY TO BE APPROVED BEFORE YOU CLOSE ON YOUR LOAN. PLEASE FOLLOW THE INSTRUCTIONS BELOW.**

A. COMPLETE APPLICATION ENCLOSED

B. MAKE A COPY OF YOUR FEDERAL (1040, 1040A, OR 1040EZ) TAX RETURNS FOR THE LAST THREE YEARS (2018, 2019 and 2020). WRITE THIS STATEMENT ON ONE PAGE OF EACH RETURN:

“This is a true and exact copy of the returns submitted to the IRS.”

SIGN YOUR NAME BY STATEMENT.

***NOTE REGARDING INCOME TAX RETURNS:**

If an Applicant is unable to locate tax returns for the last three years, we must have a Statement of Account from the IRS verifying the filing status of the Applicant. We can approve this application and wait for the Statement of Account.

Call the IRS at 1-800-829-1040 to order your Statement of Account. You may send this application with a note letting us know you will forward the Statement of Account once received.

2. **PROGRAM FEE.** A program fee in an amount of \$500.00 must be paid prior to the Program Administrator sending you the Mortgage Credit Certificate. Payment is not due with this application.

3. **ANNUAL ADMINISTRATION FEE.** The Annual Administration fee is \$100.00 to be assessed on or before January 1 of each year any Mortgage Credit Certificate issued under the Program remains outstanding.

4. **LEGAL DOCUMENTS.** All of the Program Administrator’s documents are legal and “white out” products are not permissible. If you make an error, simply draw a line through the error and write the correct answer and initial.

EXHIBIT A

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA
SINGLE FAMILY MORTGAGE
CREDIT CERTIFICATE PROGRAM OF 2020/2021 [A][B]**

APPLICATION AFFIDAVIT

**THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS LEGAL AFFIDAVIT:
READ IT CAREFULLY AND UNDERSTAND ITS MEANING FULLY BEFORE SIGNING**

1. I (We) the undersigned, as part of my (our) application for a mortgage credit certificate ("MCC") from The Industrial Development Authority of the County of Pima (the "Issuer"), under the Single Family Mortgage Credit Certificate Program of 2020/2021 (the "Program"), in connection with a mortgage loan (the "Mortgage Loan") from a lender of the undersigned's choosing (the "Lender"), for the undersigned's purchase or qualified improvement of a single-family home (the "Residence"), being first duly sworn, state the following:

I (We) certify that the following are:

- a. My (our) legal name(s): _____

- b. Current residence: _____

- c. Primary Holder Phone: _____
Secondary Holder Phone: _____
Primary Holder Email: _____
Secondary Holder Email: _____

- d. Social Security Number(s): _____

2. The Residence is being purchased or improved and is a single-family home located in the State of Arizona at the following address:

Street: _____

City, County, State, Zip Code: _____

3. I (We) applied for a Mortgage Loan from the following Lender:

Name: _____

Address: _____

Loan Officer: _____

I (We) have enclosed a copy of the Loan Application with this Application Affidavit, if the Lender has not already faxed it to Community Investment Corporation.

4. The Residence will be occupied and used (or in the case of a home improvement loan the Residence is and will continue to be used) as my (our) principal place of residence within 60 days after the date of the Mortgage Loan closing. The Residence will not be used as an investment property, vacation home, or recreational home and not more than 15% of the area of the Residence will be used on a regular basis in a trade or business qualifying it for deductions under Section 280A of the Internal Revenue Code of 1986, as amended. I (We) understand the MCC will be automatically revoked if the Residence ceases to be my (our) principal residence and I (we) agree to notify Community Investment Corporation (the "Program Administrator") and the Issuer in writing within 60 days after the Residence ceases to be my (our) principal residence.

5. The land adjoining the Residence purchased and financed in conjunction with the Residence will only maintain the basic livability of the Residence and will not provide, other than incidentally, a source of income to me (us).

6. I (We) certify that either (initial appropriate blank)

(i) _____ the Residence is not a mobile home or similar factory-made housing; or

(ii) _____ the Residence is a mobile home or similar factory-made housing with at least 400 square feet of living space, a minimum width of 102 inches and is permanently affixed on a permanent foundation to real property.

7. Initial and complete one of the following sentences, whichever applies to you:

_____ a. The Residence is a **new home** that has never been permanently financed by any other person or previously occupied and the proceeds of the Mortgage Loan will not be used to replace an existing mortgage unless the existing mortgage is for: (1) a construction period loan of 24 months or less or (2) a bridge loan or similar temporary initial financing of 24 months or less.

_____ b. The Residence is a previously occupied **existing home** (i.e. not a new home) and the proceeds of the Mortgage Loan will not be used to replace my (our) existing mortgage (whether or not it was previously repaid) unless the existing mortgage is for a bridge loan or similar temporary initial financing of 24 months or less.

8. Initial and complete one of the following sections, whichever applies to you:

_____ a. I (We) have not had a present ownership interest in a principal residence at any time within the **past three years**. For this purpose a “present ownership interest” means any manner of ownership including the right to property that one spouse in a marriage has with respect to real property held in the other spouse’s name; but not including a remainder interest, lease with or without an option to purchase, or any interest that was acquired on the execution of the purchase contract (other than a land contract or a contract for deed). “Ownership” includes a fee simple interest, joint ownership, contract for deed, a life estate, stock of a tenant-shareholder in a cooperative and an interest held in trust for you. For this purpose a “principal residence” includes a single family home, a condominium, a share in a housing cooperative, any manufactured home or mobile home that is permanently affixed to the ground or occupancy in a duplex, triplex or quadplex residence which has been occupied as a residence for at least a five-year period prior to the date this application was signed.

Previous Residences (Over the Preceding Three-year Period)

<u>Address of Residence</u>	<u>Indicate Whether Residence Was Owned Rented or Other*</u>	<u>Beginning/Ending Date of Residency</u>
_____	_____	From _____ /To _____
_____	_____	From _____ /To _____
_____	_____	From _____ /To _____

*All answers of “Other” must be fully explained; use additional paper if necessary.

Name, Address and Telephone Number of the Owner or
Landlord Who Can Verify Each Residence Listed
Above Which Was Not Owned by the Applicant

<u>Name</u>	<u>Address</u>	<u>Telephone No.</u>

_____ b. I (We) already **own** the Residence and am (are) applying for my (our) first MCC in connection with financing qualified home improvements. For this purpose “qualified home improvements” means improvements to or alterations or repairs of, the Residence in an amount equal to or less than \$15,000, but only to the extent the improvements, alterations and repairs substantially protect or improve the basic livability or energy efficiency of the Residence. For this purpose renovation of plumbing or electrical facilities, installation of a new furnace or air conditioner, the addition of living space, renovation of a kitchen area, installation of a new roof or similar improvements "substantially protect or improve the basic livability or energy efficiency" of the Residence. Installation of a swimming pool, tennis courts, a decorative fountain, saunas, hot tubs or other recreational or entertainment facilities do NOT “substantially protect or improve the basic livability or energy efficiency” of the Residence. I (We) have listed below a brief description of all the improvements I (we) financed and I (we) certify that the improvements have been or will be completed.

_____ c. The residence is located in a Targeted Area.

9. I (We) certify that either (initial appropriate blank)

- (i) _____ I (we) will hereby submit true and complete copies of my (our) actual signed federal tax returns as filed for the preceding **3 tax years** or such other written verification that is acceptable to the Program Administrator or
- (ii) _____ that for one or more of the preceding three years I (we) was (were) **not required** by law to file a Federal Income Tax return and I (we) have prepared and signed the Borrower's Income Tax Return Affidavit (available from the Program Administrator listed below) for those years as a substitute for the tax returns.

10. (Note: This paragraph 10 does not need to be completed for qualified home improvement loans). The total purchase price (amount paid) for the Residence and the land appurtenant thereto will be \$_____. For this purpose “**total purchase price**” includes the cost of acquiring the Residence as a complete unit from the seller. “Total purchase price” includes amount paid by or on behalf of the undersigned Applicant for (i) the Residence, (ii) items attached to the Residence (such as carpeting, curtain rods, and light fixtures), (iii) commissions and builder’s or architect’s fees, (iv) site improvements, (v) fees for permits (including hook-up and tap-in-fees), (vi) the capitalized value of ground rent, (vii) subcontracted items; and (viii) construction loan interest. “Total purchase price” does not include title and transfer costs, survey fees, title insurance, appraisal fees, legal fees, credit reference fees, points if paid by the Applicant, the uncharged value of work performed by the Applicant or the Applicant’s immediate family (parents, spouse, sibling or children) or the cost of land owned by the borrower for at least two years before commencement of construction of the Residence.

The Residence is either (initial appropriate blank)

_____ a. not subject to a ground rent (rent paid for land the Residence is on);OR

_____ b. subject to a ground rent and the capitalized value of the ground rent (using a discount rate equal to the interest rate on the Mortgage Loan) has been included in the above purchase price.

11. No side deal or agreement, either verbal or written, is in place or contemplated for the completion of or the addition to the Residence unless the estimated cost of the completion or addition is included in the purchase price stated above. In addition, no side deal or agreement, either verbal or written, is in place or contemplated for the purchase by or on behalf of me (us) of any appliances from the seller at a price in excess of the fair market value of the appliance unless the excess of the price above the fair market value is included in the purchase price stated above.

12. No portion of the financing of the acquisition of the residence is or will be provided from the proceeds of a tax-exempt bond issue. Furthermore, if the Mortgage Loan is for home improvements, none of the financing on the residence that is outstanding was provided from the proceeds of a tax-exempt bond issue and I (we) did not obtain an MCC in connection with any financing that is outstanding on the Residence.

13. No person related to me (us) (for federal tax purposes) has or is expected to have, an interest as a creditor in, or will be paid interest on, the Mortgage Loan.

14. I (We) understand and agree that if an MCC is issued to me (us), it may not be transferred without the prior written approval of the Program Administrator.

15. I (We) understand and agree that I (we) may seek financing from any lender of my (our) choosing and that I (we) am (are) in no way prohibited from seeking financing from any potential lender so long as the Lender executes and complies with the terms of the Lender Certificate.

16. My (Our) current **gross annual household income** as defined below is \$_____. The gross income of an Applicant (or Applicants) is the Applicant's (or Applicants') annualized gross income. Annualized gross income is the sum of monthly income multiplied by 12. Gross monthly income is the sum of monthly gross pay; any additional income from overtime, part-time employment, bonuses, dividends, interest, royalties, pensions; Veterans Administration (VA) compensation; net rental income, etc.; and other income such as alimony, child support, housing allowance, public assistance, sick pay, social security benefits, unemployment compensation, income received from trust, and income received from business activities or investments. The income to be taken into account in determining "gross income" is income of the Applicant (or Applicants) and any other person who is expected to both (1) live in the Residence being financed and (2) to be secondarily liable on the mortgage. If a co-signer/co-habitor meets both requirements in the sentence above, include his/her income in your gross income calculations. Income includes the income of both spouses.

17. To the best of my (our) knowledge any points, origination fees, servicing fees, credit report fees, insurance fees and other fees paid to the Lender, or upon the Lender's request, are reasonable and not in excess of amounts customarily charged.

18. I (We) understand and agree that in order to be eligible for an MCC I (we) must apply for an MCC and receive notice of approval before closing on my (our) Mortgage Loan.

19. I (We) acknowledge and understand that this Application Affidavit will be relied upon for purposes of determining my (our) eligibility for an MCC. I (We) acknowledge that a material misstatement negligently made in this affidavit or in any other statement made by me (us) in connection with an application for an MCC will constitute a federal violation punishable by a fine; and a material misstatement fraudulently made in this affidavit or application for an MCC, will constitute a federal violation punishable by up to a \$10,000 fine and revocation of the MCC which may be in addition to any criminal penalty imposed by law. In addition, any material misstatement or false statement which affects my (our) eligibility for an MCC will result in a denial of my (our) application for an MCC, or, if an MCC has been issued prior to discovery of the false statement, immediate revocation of the MCC issued.

20. In addition, I (we) hereby acknowledge and understand that any false pretense, including any false statement or representation; or the fraudulent use of any instrument, facility, article or other valuable thing or service pursuant to my (our) participation in the Program, may be punishable by imprisonment or by a fine.

EXHIBIT B

NAME OF APPLICANT: _____

REFERENCE NO.: _____

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA
SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM OF
2020/2021 [A][B]**

BORROWER'S CLOSING AFFIDAVIT

THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS LEGAL AFFIDAVIT

READ IT CAREFULLY AND UNDERSTAND ITS MEANING FULLY BEFORE SIGNING

1. I (We) the undersigned, as part of my (our) application for a Mortgage Credit Certificate ("MCC") under The Industrial Development Authority of the County of Pima Single Family Mortgage Credit Certificate Program of 2020/2021 (the "Program"), in connection with a mortgage loan (the "Mortgage Loan") from the lender of the undersigned's choosing (the "Lender") for the undersigned's purchase or improvement of a single-family home (the "Residence"), being first duly sworn, state the following:

2. I (We) executed the Application Affidavit as part of my (our) application for a Mortgage Credit Certificate on _____, 20____ (Date Application Affidavit was signed).

3. (Initial and complete paragraph (a) or (b), whichever applies).

(a) _____ I (We) have reviewed the Application Affidavit and declare that there has been **no change** in any of the statements made in the Application Affidavit and those statements remain true and accurate.

(b) _____ I (We) have reviewed the Application Affidavit and declare that the following material **changes have occurred** from the statements made in the Application Affidavit.

4. I (We) _____ **have** _____ **have not** (*initial the applicable statement*) had an ownership interest in a principal residence or occupied and owned a single-family home, a manufactured home (including a mobile home) which is customarily used in a fixed location, a condominium, or a unit within a cooperative within the **last three years**.

5. I (We) acknowledge and understand that this Affidavit will be relied upon for purposes of determining my (our) eligibility for an MCC. I (We) acknowledge and understand that a material misstatement negligently made by me (us) on this Affidavit or in any other statement made by me (us) in connection with an application for an MCC will constitute a federal violation punishable by a fine, and a material misstatement fraudulently made in this Affidavit or in any other statement made by me (us) in connection with application for an MCC will constitute a federal violation punishable by a \$10,000 fine and revocation of the certificate, which will be in addition to any criminal penalty imposed by law. In addition, any false statement which affects my (our) eligibility under Section 25 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder will result in denial of my (our) application for an MCC or, if an MCC has been issued prior to discovery of the false statement, immediate revocation of the MCC issued.

6. In addition, I (we) hereby acknowledge and understand that any false pretense, including false statement or representation or the fraudulent use of any instrument, facility, article, or other valuable thing or service pursuant to my (our) participation in the Program, may be punishable by imprisonment or by a fine.

7. I (we) acknowledge that I (we) may be assessed an annual fee of \$100.00 so long as the MCC issued remains outstanding.

Dated _____

Signature(s) of Applicant(s):

Subscribed and sworn to before me this _____ day of _____,
20____.

Notary Public in and for the

County of _____

State of _____

My Commission Expires: _____

EXHIBIT F

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM OF 2020/2021[A][B]

NOTICE OF POTENTIAL RECAPTURE TAX ON SALE OF HOME

Because you are receiving a mortgage credit certificate with your mortgage loan, you are receiving the benefit of a credit against your federal income taxes. If you sell or otherwise dispose of your home during the next nine years, this benefit may be “recaptured.” The recapture is accomplished by an increase in your federal income tax for the year in which you sell your home. The recapture only applies, however, if you sell your home at a gain and if your income increases above specified levels.

You may wish to consult a tax advisor or the local office of the Internal Revenue Service at the time you sell your home to determine the amount, if any, of the recapture tax. Within the next 90 days, you will be given additional information that will be needed to calculate the recapture tax.

Please acknowledge your receipt of a copy of this notice by signing below.

Signature of Holder

Date

Signature of Holder

Date

EXHIBIT G

THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM OF 2020/2021[A][B]

NOTICE TO HOLDER OF MAXIMUM RECAPTURE TAX AND OF METHOD TO COMPUTE RECAPTURE TAX ON SALE OF HOME

A. INTRODUCTION

1. **GENERAL.** When you sell your home you may have to pay a recapture tax as calculated below. The recapture tax may also apply if you dispose of your home in some other way. Any references in this notice to the “sale” of your home also includes other ways of disposing of your home. For instance, you may owe the recapture tax if you give your home to a relative.

2. **EXCEPTIONS.** In the following situations, no recapture tax is due and you do not need to do the calculations:

- (a) You dispose of your home later than nine years after you close your mortgage loan;
- (b) Your home is disposed of as a result of your death;
- (c) You transfer your home either to your spouse or to your former spouse incident to divorce and you have no gain or loss included in your income under Section 1041 of the Internal Revenue Code of 1986, as amended (the “Code”); or
- (d) You dispose of your home at a loss.

B. **MAXIMUM RECAPTURE TAX.** The ~~maximum recapture tax~~ that you may be required to pay as an addition to your federal income tax is \$ _____ . INSERT THE ACTUAL DOLLAR AMOUNT RESULTING FROM THE PRODUCT OF 6.25% MULTIPLIED BY THE HIGHEST PRINCIPAL AMOUNT OF THE MORTGAGE LOAN. This amount is 6.25% of the highest principal amount of your mortgage loan and is your federally subsidized amount with respect to the loan.

C. **ACTUAL RECAPTURE TAX.** The actual recapture tax, if any, can only be determined when you sell your home, and is the lesser of (1) 50% of your gain on the sale of your home, regardless of whether you have to include that gain in your income for federal income tax purposes, or (2) your RECAPTURE AMOUNT determined by multiplying the following three numbers:

(i) \$ _____ . INSERT THE ACTUAL DOLLAR AMOUNT RESULTING FROM THE PRODUCT OF 6.25% MULTIPLIED BY THE HIGHEST PRINCIPAL AMOUNT OF THE MORTGAGE LOAN (the MAXIMUM RECAPTURE TAX, as described in paragraph B above),

(ii) _____ % the HOLDING PERIOD PERCENTAGE, as listed in column 1 in the attached Table, and

(iii) _____ % the INCOME PERCENTAGE, as described in paragraph D below.

(i) **INCOME PERCENTAGE.** You calculate the income percentage as follows: **SUBTRACT** the applicable “**ADJUSTED QUALIFYING INCOME**” in the taxable year in which you sell your home, as listed in Column 2 in the Attached Table, **FROM** your “**MODIFIED ADJUSTED GROSS INCOME**” in the taxable year in which you sell your home.

Your “modified adjusted gross income” means your “adjusted gross income” shown on your federal income tax return for the taxable year in which you sell your home, with the following two adjustments: (a) your “adjusted gross income” must be **INCREASED** by the amount of any interest that you receive or accrue in the taxable year from tax-exempt bonds that is excluded from your gross income (under Section 103 of the Code); and (b) your “adjusted gross income” must be **DECREASED** by the amount of any gain included in your gross income by reason of the sale of your home.

(ii) If the amount calculated in (i) above is zero or less, you owe no recapture tax and do not need to make any more calculations. If it is \$5,000 or more, your income percentage is 100%. If it is greater than zero but less than \$5,000, it must be divided by \$5,000. This fraction, expressed as a percentage, represents your income percentage. For example, if the fraction is \$1,000/\$5,000, your income percentage is 20%.

D. LIMITATIONS AND SPECIAL RULES ON RECAPTURE TAX

1. If you give away your home (other than to your spouse or ex-spouse incident to divorce), you must determine your actual recapture tax as if you had sold your home for its fair market value.

2. If your home is destroyed by fire, storm, flood, or other casualty, there generally is no recapture tax if, within two years, you purchase additional property for use as your principal residence on the site of the home financed in connection with your original “subsidized” mortgage loan.

3. In general, except as provided in future regulations, if two or more persons own a home and are jointly liable for the subsidized mortgage loan, the actual recapture tax is determined separately for them based on their interests in the home.

4. If you repay your loan in full during the nine year recapture period and you sell your home during this period, your holding period percentage may be reduced under the special rule in Section 143(m)(C)(ii) of the Code.

5. Other special rules may apply in particular circumstances. You may wish to consult with a tax advisor or the local office of the Internal Revenue Service when you sell or otherwise dispose of your home to determine the amount, if any, of your actual recapture tax. See Section 143(m) of the Code generally.

	Column 1	Column 2			
		Adjusted Qualifying Income*			
		Non-Target Area		Target Area	
Date That You Sell Your Home (Note: Closing means the closing date for your loan.)	Holding Period Percentage	2 or less	3 or more	2 or less	3 or more
Before the first anniversary of closing	20%	\$73,200.00	\$84,180.00	\$87,840.00	\$102,480.00
On or after the first anniversary of closing, but before the second anniversary of closing	40%	\$76,860.00	\$88,389.00	\$92,232.00	\$107,604.00
On or after the second anniversary of closing, but before the third anniversary of closing	60%	\$80,703.00	\$92,808.45	\$96,843.60	\$112,984.20
On or after the third anniversary of closing, but before the fourth anniversary of closing	80%	\$84,738.15	\$97,448.87	\$101,685.78	\$118,633.41
On or after the fourth anniversary of closing, but before the fifth anniversary of closing	100%	\$88,975.06	\$102,321.32	\$106,770.07	\$124,565.08
On or after the fifth anniversary of closing, but before the sixth anniversary of closing	80%	\$93,423.81	\$107,437.38	\$112,108.57	\$130,793.33
On or after the sixth anniversary of closing, but before the seventh anniversary of closing	60%	\$98,095.00	\$112,809.25	\$117,714.00	\$137,333.00
On or after the seventh anniversary of closing, but before the eighth anniversary of closing	40%	\$102,999.75	\$118,449.71	\$123,599.70	\$144,199.65
On or after the eighth anniversary of closing, but before the ninth anniversary of closing	20%	\$108,149.74	\$124,372.20	\$129,779.69	\$151,409.63

E. RECAPTURE TAX ON MCC'S ISSUED BY THE AUTHORITY. If the Program Administrator is notified that an MCC holder has determined that the recapture tax payment would otherwise apply upon the sale of the home, the Program Administrator shall notify the Authority. The Program Administrator shall request evidence of the calculation of such tax due by the MCC holder, and, after review as to the appropriateness of the tax, shall forward such evidence of payment of tax to the Authority. Upon receipt by the Authority of such evidence and a certificate from the Program Administrator that the tax was appropriate, the Authority may reimburse the MCC holder for such tax.

* The actual notice to the holder must provide the actual dollar figures for adjusted qualifying incomes for each of the years covered by the table. The entries in the first row are the highest qualifying incomes which, as of the date of the loan closing, would have met the low income requirement of Section 143(f) of the Code, taking into account whether the home financed with the "subsidized" mortgage loan is located in a targeted area as described in Section 143(j) of the Code (but determined without regard to Section 143(f)(3)(A) of the Code) or in a high housing cost area as described in Section 143(f)(5) of the Code. The entries in each subsequent row equal the entries in the immediately preceding row, times 1.05. The formula for determining these numbers is set forth in Section 143(m)(5) of the Code.

Please acknowledge your receipt of a copy of this notice by signing below.

Signature of Borrower

Date

Signature of Borrower

Date

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF PIMA
SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM OF
2020/2021[A][B]**