

**City of Chicago, Department of Housing
Single Family Mortgage Credit Certificate Program
MCC Series 2019
Refinancing Documents - Procedures for Reissuance**

Homebuyers who received an MCC from the City of Chicago are entitled to retain the ability to claim a mortgage credit if the home is refinanced.

Homebuyers who received an MCC from the City of Chicago issued on or after January 1, 1995 must follow the procedures below. Homebuyers who received an MCC from the City of Chicago pursuant to its Series 1992 Program (Homebuyers whose mortgage loans closed prior to January 1, 1995) should contact George K. Baum & Company (312-641-3611) to obtain refinancing information procedures.

Before claiming any mortgage credits on your federal income taxes based on your new Mortgage loan, and within one year of closing on your new Mortgage loan, complete the following steps:

1. Determine the maximum value of credits per year available for your home after refinancing.
 - a. Obtain a mortgage amortization schedule from the lender who financed your original Mortgage loan. The schedule should show the principal and interest payments that you would have made each year of your original mortgage loan.
 - b. The credits that may be taken with your Reissued MCC cannot exceed the credits that you would have been eligible for based on the original amortization schedule.
 - c. You may not claim a tax credit on that portion of your new loan which exceeds the outstanding principal amount of your original loan at the time you refinanced.
A sample worksheet will assist you in making the appropriate calculations.

2. Mail the following items to:

**City of Chicago
Department of Housing
TaxSmart Mortgage Credit Certificate Program
City Hall, Room 1006
121 North LaSalle Street
Chicago, IL 60602**

 - a. The original (previous) MCC Certificate,
 - b. A copy of the Payoff Certificate executed by the original lender,
 - c. A copy of the mortgage note for the **new** Mortgage loan,
 - d. The executed (signed) and notarized Reissuance Affidavit,
 - e. A certified check or money order in the amount of \$100 payable to "City of Chicago Department of Housing" as a fee for processing the reissuance. Personal checks are not accepted.

Once the items listed above have been completed and submitted to the Department of Housing, the City will issue a new MCC to the Homeowner by mail.

Contact the Department of Housing at 312-744-0696 if you have any questions.

**City of Chicago, Department of Housing
Single Family Mortgage Credit Certificate Program
MCC Series 2019
Refinancing Documents - Reissuance Affidavit**

**THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS AFFIDAVIT.
READ IT CAREFULLY BEFORE SIGNING.**

1. I (We) certify that I (we) was (were) previously issued a Mortgage Credit Certificate (the "Previous MCC" by the City of Chicago, Illinois, Series _____).
2. I (We) have subsequently refinanced the Mortgage loan for which the Previous MCC applies.
3. I (We) understand that the Previous MCC is void as a result of the refinancing of the previous Mortgage loan and cannot be used to obtain federal income tax credits on the interest paid on the new Mortgage loan.
4. This Reissuance Affidavit is being submitted in order to be reissued a Mortgage Credit Certificate (the "Reissued MCC") so that federal income tax credits can continue to be obtained on interest paid on the new Mortgage loan.
5. I (We) hereby certify that the property refinanced in connection with this application for a Reissued MCC is the same property financed in connection with the original MCC.
6. I (We) understand that the certified mortgage indebtedness amount specified on the Reissued MCC may not exceed the outstanding balance as of the date of refinancing of the certified mortgage indebtedness of the Previous MCC.

This section means that the Reissued MCC will be issued for a Mortgage loan amount that is not greater than the amount that was required to pay off the remaining principal balance of the previous Mortgage loan. If your new Mortgage loan amount exceeds the amount required to pay off the previous Mortgage loan, then only a portion of the interest on the new Mortgage loan amount is eligible for a tax credit. For any year, that amount is computed by multiplying the amount of interest on the entire new Mortgage loan by the ratio of the previous Mortgage loan payoff amount to the new Mortgage loan amount.
7. I (We) understand that the Reissued MCC will have a credit rate equal to the Previous MCC.
8. I (We) understand that the Reissued MCC will not entitle me to take tax credits in any taxable year that exceed the credit that would otherwise have been allowable to me (us) with the Previous MCC under the previous Mortgage loan.

This item means that under no circumstances can you claim a tax credit with your Reissued MCC in any taxable year that exceeds the amount of credit you would have been able to claim had you not refinanced. For example, suppose you originally obtained a 30-year loan in 2008 with a final payment date on December 1, 2035. If you refinanced with a new 30-year loan in 2006, the Reissued MCC will only be valid until December 1, 2035, even though the new loan would have a final payment in 2036. Furthermore, if the Previous MCC and interest payments on the previous loan would have entitled you to a credit of \$750 in 2016, the maximum credit amount in 2016 for the Reissued MCC is \$750, even if the amount of interest under the refinancing loan multiplied by the credit rate computed a credit amount of \$900. To verify the appropriate amount maximum annual credit you are eligible for you should obtain an amortization table for your previous Mortgage loan from the previous Lender. The table should show the principal and interest amortization for the remaining principal balance as of the date of refinancing of your previous Mortgage loan. The maximum annual credits with the Reissued MCC cannot exceed the credits that you would have been eligible for given this amortization schedule.

This table should be kept with the Reissued MCC for future reference, if such information is not available from your previous Lender please consult your tax advisor.

9. **The new Mortgage loan closed on _____ . This date must not be more than one year from the date that this Reissuance Affidavit is received and processed by the City of Chicago Department of Housing.**

10. The following items have been enclosed with this Reissuance Affidavit:
 - A. The original copy of the Previous MCC.
 - B. A copy of the Pay-off Certificate executed by the previous Mortgage Lender for the previous loan (see attached).
 - C. A copy of the new Mortgage note, or if not available, a copy of the legal document which details the property address, loan amount, and amortization period for the new Mortgage loan.
 - D. A certified check or money order in the amount of \$100.00 payable to the "City of Chicago Department of Housing" as fee for processing the Reissuance Affidavit and reissuing an MCC. Personal checks are not accepted.

11. I (We) acknowledge and understand that this Reissuance Affidavit will be relied upon for purposes of determining my (our) eligibility for a Reissued 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 a Reissued MCC, whether discovered before or after issuance, may constitute a federal violation punishable by a fine. I (We) further acknowledge that any material misstatement fraudulently made in this affidavit or in any other statement made by me (us) in connection with application for a Reissued MCC, may constitute a federal violation punishable by up to a \$10,000 fine and revocation of Reissued MCC, which may be in addition to any criminal penalty imposed by law.

12. 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.

Date: _____

Date: _____

Signature of Applicant: _____

Signature of Applicant: _____

Name (printed): _____

Name (printed): _____

Signed and sworn to before me this

_____ Day of _____ 20_____.

[SEAL]

Notary

Commission

Signature: _____

Expiration Date:

WHERE TO APPLY

The Reissuance Affidavit, along with other required documents mentioned in Section Five, should be mailed to:

**City of Chicago
Department of Housing
TaxSmart Mortgage Credit Certificate Program
City Hall, Room 1006
121 North LaSalle Street
Chicago, Illinois 60602**

**City Of Chicago, Department of Housing
Single Family Mortgage Credit Certificate Program
MCC Series 2019
Refinancing Documents - Pay-Off Certificate**

I, the undersigned, an authorized officer of _____ [name of Lender], located at _____ [address] (the "Lender"), hereby certify, represent and warrant to the City of Chicago:

1. The Lender did previously hold or service a Mortgage loan, regardless of whether or not a current Mortgage loan exists with the Lender, for _____ (Names of Borrower(s), hereafter the "Borrower") with respect to a Residence located at _____ [Street address] in Chicago, Illinois, Cook County, (zip code).

2. On _____ [date of pay-off] (the "Pay-Off Date"), the Borrower provided for the payment of the entire outstanding balance of such Mortgage loan.

3. **The principal balance outstanding of the Pay-Off Date of the Mortgage loan, exclusive of any accrued interest, penalties, escrow adjustments, or other non-principal amounts was \$ _____, and said amount was entirely paid, and the Mortgage loan was completely closed and extinguished, regardless of whether or not a replacement Mortgage loan was originated by the Lender.**

Date: _____

Lender: _____

By (name signed): _____

Name (printed): _____ its: _____

Signed and sworn to before me this

_____ Day of _____ 20_____. [SEAL]

Notary
Signature: _____

Commission
Expiration Date: _____

City of Chicago, Department of Planning and Development
Single Family Mortgage Credit Certificate Program
MCC Series 2019
Refinancing Documents - Eligible Tax Credit Worksheet

ONLY A PORTION OF YOUR TOTAL NEW LOAN AMOUNT IS ELIGIBLE FOR A TAX CREDIT.

If the principal of your new Mortgage loan exceeds the principal outstanding on your previous loan at the time of your refinancing, please keep the following information in mind.

You may not claim a tax credit on that portion of your new loan which exceeds the outstanding principal amount of your prior loan at the time you refinanced.

According to federal regulations (see section 8 (i) through (vi) of your Reissued MCC), you may not claim a federal tax credit for any tax year as a result of this Reissued MCC in excess of the amount you would have been eligible to claim with your previous MCC for that same year.

SAMPLE WORKSHEET

FOR ALLOCATING PORTION OF MORTGAGE LOAN ELIGIBLE FOR TAX CREDIT

Outstanding principal amount of prior loan at time of refinancing (Note: "Loan Balance Eligible For MCC at Date of Closing on New Mortgage" on the Reissued MCC). \$ _____ (1)

Principal amount of new mortgage \$ _____ (2)

Divide outstanding principal amount of prior loan at time of refinancing (line 1) by principal amount of new Mortgage (line 2).

$$\frac{\text{_____ (1)}}{\text{_____ (2)}} = \text{_____ \% (3)}$$

(cannot exceed 100%)

Write the total interest paid for the taxable year under the new mortgage. \$ _____ (4)

Multiply total interest paid (from line 4) by percent of new loan eligible for credit (from line 3) to determine interest paid on new loan attributable to prior loan.

$$\text{_____ (4)} \times \text{_____ (3)} = \text{_____ \$ (5)}$$

Determine amount of Mortgage interest which you would have paid during the tax year on your prior mortgage loan. \$ _____ (6)

Use the lesser of line 5 or line 6 in preparing your Federal income tax return (IRS Form 8396). Further questions regarding the tax benefits available to you as a result of your entitlement to a MCC should be directed to your professional tax advisor.