

Public Notice to Qualified Homebuyers  
San Miguel County, Colorado  
2007 Mortgage Credit Certificate Program

The Colorado Housing and Finance Authority (CHFA) is an authorized program administrator for Mortgage Credit Certificates (MCC's) in Colorado. MCC's are a form of federal income tax credits available to qualified homebuyers. No sooner than 90 days following this Notice, CHFA will issue MCC's on behalf of and in the name of San Miguel County, Colorado to qualified homebuyers located within San Miguel County (the "County") according to the guidelines noted below.

Purchasers of a new or existing single family home located within the County may apply for an MCC through their lender when they apply for financing from the lender for the purchase. MCC's are also available to purchasers of certain qualified manufactured housing used as a principal residence. The mortgage loan relating to the MCC must be a new mortgage loan and not refinancing, although MCC's may be reissued when the homebuyer refinances, if the homebuyer qualifies and the program is offered.

The amount of the credit will be 20% of the yearly interest paid or accrued on a qualified mortgage. If the credit allowable under the Program for any taxable year exceeds the qualified homebuyers' tax liability for such taxable year, then such excess credit may be carried over to each of the three succeeding taxable years, and subject to certain limitations, may be added to the credit allowable under the Program for that succeeding year. The qualified homebuyer may reduce the amount of monthly federal income tax withheld by filing a revised IRS W-4 Employee's Withholding Allowance Certificate in order to have more disposable income with which to make loan payments. Use of the credit will reduce the deduction for home mortgage interest on the homebuyer's federal income tax return.

Current federal tax law may require a payment to the federal government of a "recapture" tax if the homebuyer sells or otherwise transfers his or her home to someone else within nine years after the MCC is issued. The MCC is issued at the time of the closing of a mortgage loan. The recapture tax represents a portion of the "federally subsidized amount" of the mortgage loan, calculated in accordance with federal tax law. The recapture tax may not exceed 50% of the gain realized on the sale or transfer of the home, and it would become a part of the homebuyer's tax liability for the year that the home is sold or transferred. The homebuyer may not have to pay part or all of the recapture amount if his or her income, at the time of the sale or transfer is less than a prescribed amount at the time of sale or transfer.

To be eligible for an MCC, the homebuyer's gross annual household income may not exceed the limits set forth below. Gross annual household income is the total of all income, from whatever source, of all persons aged 18 and older who will reside or who intend to reside in the residence. The following income limits will apply to the 2007 program:

Area	Family Size	Income Limit
San Miguel County	1 & 2 persons	\$84,000
	3 or more persons	\$98,000

In addition, the acquisition cost of the residence being purchased must not exceed the following limits:

Area	Type of Residence	Purchase Price Limit
San Miguel County	New & Existing	\$344,000

Homebuyers must meet the following eligibility requirements:

1. Qualified homebuyers must occupy the residence as their principal residence within 60 days after closing of the mortgage loan. The MCC will expire on the date that the residence ceases to be the principal residence of the qualified homebuyer.
2. Qualified homebuyers must not have had a present ownership interest in a principal residence within the preceding three years.
3. Qualified homebuyers must not own other residential property at the time that the loan is closed unless this prohibition causes demonstrated hardship as determined by the Executive Director of CHFA in consultation with the County.
4. No more than 15% of the residence being purchased can be used in a trade or business in accordance with the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code").

The total election amount of the Program is \$8.6 million. Purchasers may obtain an MCC from CHFA in connection with financing from any lender, including banks, savings and loan associations, mortgage banking firms and credit unions. MCC applications will be accepted on a first-come, first-served basis. There is no allocation of MCC's by the lender. However, in order to reserve an allocation, the lender must complete CHFA Form MCC-18 and fax it to CHFA in order to have the ability to reserve an MCC through the CHFA online reservation system.

Homebuyers must be qualified for an MCC pursuant to the Code and the guidelines, rulings and interpretations issued by the Internal Revenue Service which shall control in the event of a conflict with other requirements. The homebuyer must meet the credit and underwriting criteria established by the lender who provides the mortgage loan.

The applicant must sign all documents and affidavits which are needed to demonstrate the homebuyer's eligibility for an MCC.

Eligibility requirements described herein are subject to change without notice.

For more information on the County's 2007 MCC Program or, if you are a lender, to obtain CHFA Form MCC-18 and MCC-15, contact the Colorado Housing and Finance Authority, (303) 297- 7306 (Denver Area) or 1-800-877-2432 (Colorado outside Denver Area) 1981 Blake Street, Denver, Colorado 80202, on the web at [www.colohfa.org](http://www.colohfa.org), or the San Miguel Regional Housing Authority (970) 728-3034, ext. 5, 820 Black Bear Rd. G17, PO Box, Telluride, CO 81435.

Dated: 4-18-07

SAN MIGUEL COUNTY, COLORADO

By:  \_\_\_\_\_

Chairman of the Board of County Commissioners