



LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor

February 25, 2015

Directive 2015-06

TO: **PARTICIPATING LENDERS**

SUBJECT: **REISSUANCE OF MORTGAGE CREDIT CERTIFICATES IN CONJUNCTION WITH THE
FHA STREAMLINE REFINANCE PROGRAM**

The purpose of this Directive is to announce that the Community Development Administration (CDA), a unit of the Maryland Department of Housing and Community Development, is now offering the option of Mortgage Credit Certificate (MCC) reissuance with a CDA FHA Streamline Refinance Program loan. This Directive should be read together with the Directive 2014-19 dated May 8, 2014.

This Directive specifically provides the requirements that must be met for the reissuance of an MCC in conjunction with a CDA FHA Streamline Refinance loan. Directive 2015-04 announced the update of CDA's FHA Streamline Refinance Program. A reissued MCC is only available to a borrower who obtained an MCC with his/her original CDA loan.

NOTE: Lenders who are not approved with CDA to issue an MCC under the Maryland HomeCredit Program cannot request the reissuance of an MCC. This applies to situations where a borrower had an initial MCC and then changes lenders to obtain a CDA FHA Streamline Refinance loan; the new lender must be an approved Maryland HomeCredit Program lender in order to reissue the MCC. Please refer to <http://mmp.maryland.gov/Lenders/Pages/default.aspx> and click on the Lender Application button for instructions on how to become a Maryland HomeCredit Program approved lender.

Once the loan has received CDA's Pre-Closing Compliance approval, the reissued certificate will be a part of the closing package that the lender downloads from Lender Online. It will be the lender's responsibility to insert the correct date (the date on which interest begins accruing on the new refinance loan) on the MCC. The certificate will have the header "Reissued for a refinanced loan" on it.

- **Bond Series and Program Codes for the FHA Streamline Refinance Program With Reissued MCC**
- Without Lender Credit (All Lenders) 936-706
- With 2% Lender Credit (All Lenders) 936-703

Below are highlights of the IRS regulations governing the reissue of MCCs. CDA may reissue an MCC only if all of the following requirements are satisfied:

- The reissued certificate must be issued to the holder(s) of an existing certificate for the same property (***the MCC will be issued only for the same property and the same homeowner that currently has an MCC.***)
- The reissued certificate must entirely replace the existing certificate. The holder cannot retain any portion of outstanding balance of the existing certificate (***only the reissued MCC is valid.***)
- The certified indebtedness specified on the reissued certificate cannot exceed the outstanding balance (***loan amount***) shown on the existing certificate.
- The reissued certificate does not change the credit rate specified in the existing certificate (***credit rate remains 25%.***)



- The reissued certificate does not change the maximum tax credit that would otherwise have been allowable to the holder (***maximum tax credit in any given year is \$2,000.00***).

The IRS Regulations for Reissuance of an MCC are explained in IRS Form 8396 (attached). For calculations of the tax credit that a certificate holder is entitled to claim, borrowers are advised to consult their tax advisors.

As always, we appreciate your continued participation in our programs. If you have any questions concerning this Directive or suggestions for improvements, please contact one of the following: Vicki Jones at vicki.jones@maryland.gov, Ed Anthony at edward.anthony@maryland.gov, Pat Smith at patriciaa.smith@maryland.gov or Kafayat Abiola at kafayat.abiola@maryland.gov

Sincerely,

Jacquelyn Mitchell

Jacquelyn Mitchell, Operations Manager
Single Family Housing

Attachments: IRS Form 8396
Regulations for Reissuance of an MCC

