RIVERSIDE COUNTY
MORTGAGE CREDIT CERTIFICATE PROGRAM
HANDBOOK

This Handbook provides policies and procedures for the implementation of Riverside County's Mortgage Credit Certificate Program, as established by Riverside County Board of Supervisors' Resolution Number 87-564 dated December 22, 1987 pursuant to California Health and Safety Code Section 50197.1, et.seq. and Internal Revenue Code Section 25 (e)(5). The policies and procedures included in this Handbook are intended to implement the Rules and Regulations adopted under Resolution 87-564.

August 2019

Revised 08/12/2019

RIVERSIDE COUNTY
MORTGAGE CREDIT CERTIFICATE PROGRAM
HANDBOOK

Prepared by:

Riverside County Economic Development Agency (EDA)
(951) 343-5469
FAX: (951) 352-4852

Mailing Address:
5555 Arlington Avenue
Riverside, CA 92504

www.rchomelink.com

Revised 08/12/2019

Riverside County
Mortgage Credit Certificate Program
Handbook

Table of Contents

Appendices

SECTION I. PROGRAM OVERVIEW

What is a Mortgage Credit Certificate? A Mortgage Credit Certificate (MCC) entitles qualified homebuyers to reduce the amount of their federal income tax liability by an amount equal to 20% of the interest paid during the year on a home mortgage. This tax credit allows the buyer to qualify more easily for a loan by increasing the effective income of the buyer. The buyer takes the remaining 80% of the mortgage interest as a deduction. When underwriting the loan, a lender considers this and the borrower is able to qualify for a larger loan than would otherwise be possible.

What is the difference between a "tax credit" and a "tax deduction"? A "tax credit" entitles a taxpayer to subtract the amount of credit from their total federal tax bill whereas a "tax deduction" is subtracted from adjusted gross income before federal income taxes are computed.

How long does the MCC last? The MCC is in effect for the life of the loan as long as the home remains the borrower's principal residence. The MCC is not transferable to a new loan when refinancing, nor can it be assigned or transferred to a new buyer or another home. In addition, the MCC Program includes a nine year recapture provision which provides for payment of a recapture tax to the IRS if the property ceases to be the borrower's primary residence within nine years from the close of escrow. The amount of tax recapture is determined by formula, and provided to the borrower at the time the application. After expiration of the nine year period, the borrower may dispense of the property without incurring penalty, but would lose the future benefits of the MCC.

Who qualifies for an MCC? The three basic qualifications are: (1) the Borrower must be a First Time Home Buyer; (2) the Borrower's annual income must fall within the program income limits; and (3) the home being purchased must be within the Program purchase price limits and in an eligible location. If the home is located in a Target Area Census Tract, then the first-time buyer limitation does not apply and the income and purchase price limits are higher. The MCC Program has designated target areas where the first time buyer requirement is waived and higher income and cost limits apply. Information on the Riverside County target areas is provided in Appendix C. The current income and purchase price limits are shown in Appendix A attached hereto and incorporated herein by this attached hereto an incorporated herein by this reference.

How does the County obtain a MCC Allocation? In order to issue MCC's the County must apply to the California Debt Limit Allocation Committee (CDLAC) for an MCC allocation. The amount that the County receives is based on a combination of factors including demonstrated need, past performance and available MCC authority.

Riverside County EDA prepares and submits the CDLAC Application for an Allocation of the State Ceiling on Qualified Private Activity Bonds for a Mortgage Credit Certificate Program for new funds prior to the completion of the current allocation.

A Resolution will be submitted to the Riverside County Board of Supervisors for approval for EDA to submit the CDLAC application on behalf of the County of Riverside. Board approval is established for the MCC Program once the Board has declared that the program is necessary, essential and a public purpose for the County to issue Mortgage Credit Certificates.

EDA will contact all cities within Riverside County to inquire if the cities would like to continue to participate with the County MCC Program. Once all cities are established with a current approved Housing Element Certification the city will be added to the list of city participants.

The MCC application is submitted to CDLAC two months prior to the scheduled CDLAC meeting for consideration and approval for the new funds. A CDLAC Resolution will be issued upon approval of the application for the new MCC funds to be awarded to the County. The process to proceed involves the conversion of the allocation to Mortgage Credit Certificates through the IRS. EDA is required to notify CDLAC within 24 hours of the allocation conversion to Mortgage Credit Certificates. Completion of the conversion and the Report of Actions Taken for the issuance of the first MCC for the new allocation will complete the process to finalize the new funds. Allocations awarded at the end of the current year will require EDA to request for a Carryforward Election to transfer the new allocation to the following year. The funds must be expended within 2 years after the award year in order for the County to be in compliance with the required time to use or expend all funds. EDA staff is also required to submit an Annual Applicant Public Benefits and Ongoing Compliance Self-Certification to CDLAC by March 1st until the end of the compliance or regulatory period.

How are MCC's distributed? Borrowers must apply for an MCC through a Participating Lender. The Participating Lender will perform an initial qualification and assist the Borrower in completing the MCC submission forms. The Lender then submits the MCC application to the County. The County reviews the Borrower's qualifications and, if they meet the program guidelines, issues a letter of commitment to the Lender. The loan must close within 60 days of the commitment. Upon loan closing, the Lender submits the MCC closing package to the County and the County issues the MCC, with the Lender and borrower each receiving a copy. The Borrower can then adjust their federal tax withholding (W-4 form) and claim the MCC tax credit on their income tax returns.

How does a Lender become approved for the MCC Program? In order to participate in the County's MCC Program, each Lender must enter into a Lender Participation Agreement with the County. The Lender Participation Agreement details the Lender's responsibilities for assisting Borrowers in obtaining a MCC. Once the lender agrees to participate in the MCC Program and signs the Lender Participation Agreement, the Lender loan officers must attend periodic required MCC training, provided by EDA. Upon completion of this process, the loan officers may submit MCC applications through the County's Program for the current County Fiscal year.

SECTION II. MCC Program Definitions

The Mortgage Credit Certificate Program, authorized by Congress in the Tax Reform Act of 1984, is an alternative to mortgage revenue bond-backed financing and is a means of providing financial assistance to qualified borrowers for the purchase of new or existing single family housing.

The MCC Program and its requirements are subject to the Internal Revenue Code ("Code") of 1986 Title 26 and all its amendments, all Treasury Regulations associated with the Code and qualified mortgage revenue bond regulations.

As used in this MCC handbook and all MCC Program documents, the following words and terms are defined. In the event of any discrepancy, any predefined words and terms in the Code supersedes and governs this section.

Acquisition Cost: The cost of acquiring the residence as a completed residential unit. It does not include – (i) usual and reasonable settlement or financing costs, (ii) the value of services performed by the mortgagor or members of his family in completing the residence, and (iii) the cost of land (other than land described in subsection (i)(1)(C)(i)) which has been owned by the mortgagor for at least 2 years before the date on which construction of the residence begins.

Acquisition Cost Limits: The maximum acquisition cost for a New or Existing Home which is eligible under the MCC program are identified in Appendix A to this Handbook. Please note: If the "financed cost" of the residence exceeds the purchase price/acquisition cost limit established for target or non-target areas, the following will be required. (a) A written explanation of what is being financed, and (b) a written statement that the listed costs are normal and customary.

Borrower: Any person or persons who is "married" a legal and has liability for a mortgage for which an MCC has been applied for or received.

Census Tract: (CTs) are small, relatively stable geographic areas that usually have a population between 2,500 and 8,000 persons. They are located in **census** metropolitan areas and in **census** agglomerations that had a core population of 50,000 or more in the previous **census.**

Close of Escrow: the date the loan is recorded at the Riverside County's recorder's office.

Certified Indebtedness Amount: The amount of indebtedness which: a) the Borrower incurs to purchase the residence, and b) is specified in the Mortgage Credit Certificate.

Existing Home: Any residence that has previously been occupied for residential purposes.

First-time Home Buyer: A person and their spouse who have not had an ownership interest in improved-upon residential real property nor claimed any mortgage or real estate related tax deductions for the last three (3) years, counting backward from the date the mortgage being applied for is executed. Divorce does not nullify the non-ownership interest requirement of the MCC Program.

Gross Annual Household Income: Income of the mortgagor (or mortgagors) and any other person who is expected to both live in the residence being financed and to be secondarily liable on the mortgage. All income derived from any source including income from wages (gross pay, overtime, pension, veterans compensation, bonuses, public assistance, alimony, net rental income, dividends and interests, assets, etc.) of all the members of the household (other than minors) who contribute to the expenses of the household and will occupy the dwelling should be included. Gross Annual Household Income is to be calculated using the Income Computation Worksheet.

Income: Means the same as Gross Annual Household Income.

Income Tax Returns: A Borrower's Federal Tax Returns for the three years preceding the Borrower's application; provided, however, that for mortgages executed from January 1 to February 14, an affidavit in the form permitted by the Regulations may be obtained.

Lender (Participating Lender): A financial institution which is licensed to do business in the State of California, has met all of the requirements established by the Program Administrator to participate as a Lender in the MCC Program, has reviewed the Program Handbook and agreed to be bound by its terms, and has signed a participation agreement with the Riverside County EDA. A participating lender must be a funding lender. Only a funding lender can submit the closing MCC documents.

MCC: A Mortgage Credit Certificate issued under the Program.

MCC Commitment: A written certificate signed by the Program Administrator which commits the County to issue a MCC to a Borrower.

New Home: A residence that has never previously been occupied for residential purposes by any person.

New Mortgage: A mortgage which is not issued in connection with the acquisition or replacement of an existing mortgage.

Principal Residence: Means (1) a single family house, (2) condominium unit, (3) stock held by a tenant-stockholder in a cooperative housing corporation, (4) occupancy of a unit in a multi-family building owned by the applicant, and (5) any manufactured home (including a mobile home) as defined under federal law which has a minimum of 400 square feet of living space and a minimum width in excess of 102 inches, which is of a

type customarily used at a fixed location with a permanent foundation, and which can be expected to become the Principal Residence of the Borrower within a reasonable period of time after the Mortgage is executed. Principal residence does not include recreational vehicles, campers and other similar vehicles. It does not include property such as an appliance, furniture, or other personal property, which, under applicable local law, is not a fixture.

Program: The County of Riverside Mortgage Credit Certificate Program as established by Resolution No. 87-564.

Program Administrator: That public or private entity designated by the Riverside County Board of Supervisors to administer the Riverside County Mortgage Credit Certificate Program.

Qualified Mortgage Bond: A bond issued by a public agency under Section 103A of the Internal Revenue Code of 1954 or Section 143(a) of the Code.

Qualified Veterans Mortgage Bond: A bond issued by a public agency under Section 103A of the Internal Revenue Code of 1954 or Section 143(a) of the Code. The Cal Vet Program is such a qualified bond.

Refinance: New mortgage or rollover of existing mortgage to lower interest rate.

Related Person: Has the meaning given that term under Section 144(a)(g) of the Code.

Resale Home: A home that is presently or has previously been occupied for residential purposes.

Rollover: Interest rate reduction. Refinance not to exceed the outstanding balance of current, existing mortgage.

Targeted Areas: Those areas established by the Federal Government, using 2000 Census Tract information, as Targeted Areas under the Riverside County Mortgage Credit Certificate Program. In these areas, household income limits and purchase price limits are different from those in other areas, and persons other than first-time home buyers are eligible for MCC's.

SECTION III. LENDER PARTICIPATION

Mortgage Credit Certificates can only be issued to Borrowers through Participating Lenders. It is the responsibility of the Participating Lender to follow the guidelines in this handbook, qualify the Borrower for the Program, assist the Borrower in completing all MCC forms, and submit the MCC application and closing materials to the County. In addition, the Lender must maintain MCC records and file an annual MCC report to the Internal Revenue Service. These are responsibilities that should not be taken lightly, as the Borrower is dependent upon the Lender's good faith efforts to explain and qualify them for the program and to process their MCC application.

In order to participate in the County's MCC Program, each Lender must enter into a Lender Participation Agreement with the County. The following procedures explain the process for a Lender to become approved for participation in the County's MCC Program:

1. Interested Lenders should contact the Riverside County Economic Development Agency and speak with the County's MCC Program Administrator. The Program Administrator will provide a copy of the Lender Participation Agreement and Lender Participation Handbook.

2. The Lender executes the Lender Participation Agreement and provides supporting documentation that the person signing the agreement is authorized to bind the firm to the terms of the agreement. In addition, the Lender designates contact people in the Lender's corporate office and all branches serving Riverside County. As part of this process, the Lender should distribute copies of the Lender Participation Handbook to all persons who will be involved in the MCC Program.

3. Upon receipt of the executed Lender Participation Agreement, the Lender Participation Agreement is signed by the County's designated person. Upon execution of the agreement by the County, the Lender is approved to participate in the MCC Program. The MCC Program Administrator sends a copy of the agreement to the Lender and notifies the Lender that they are approved for the County's Program and may submit MCC applications, upon completing MCC training provided by EDA. Each authorized agent from the lender submitting a MCC application must attend required periodic training. All lender's affidavit in the MCC program must be signed by authorized agent of the lender.

4. It is the <u>Lender's responsibility to provide W4 Forms to the Borrower</u> as well as assist in completing the W4 Form when the borrower loan closed. This requirement is mandatory for participation in the MCC Program and there will be no exceptions.

   All approved Lenders shall be required to participate in the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index Survey Conducted quarterly by EDA. Upon request, Lenders shall furnish mortgage interest rates and purchase prices for home purchases as requested by County of Riverside. This requirement is mandatory for participation in the in the MCC Program and there will be no exceptions.

5. The Program Administrator will maintain the County's List of Participating Lenders, distributing this list to interested borrowers and sending program updates and related materials to the Lender.

SECTION IV. PROGRAM ADMINISTRATION

Borrowers may apply for an ("MCC") at the same time that they apply for a mortgage loan from a Lender participating in the MCC Program. The Lender assists the Borrower in completing the application; it is then reviewed and processed alongside of normal loan processing and underwriting procedures. Within the overall guidelines provided in this Handbook, there may be individual variations in the sequence of processing steps. Please note: Incomplete applications will no longer be accepted and will be returned to the Lender.

A. Application Process

1. Borrower applies for a mortgage from a Participating Lender, learns about the MCC program from the Lender and remits an MCC application fee of $400. Of the $400 fee, $300 is payable to the County and $100 maximum is payable to the Lender (the Lender may waive part or all of the portion of the $100 fee, however the County fee of $300 always applies). The MCC fee may be paid by any person. The Riverside County application fee is NONREFUNDABLE regardless of whether the applicant is ultimately determined to be eligible. If credit is no longer available then the application package and file will be returned to the lender.

2. Lender and Borrower complete a preliminary eligibility review using the Application Affidavit, and Income Computation Worksheet covering (a) Borrower income; (b) Borrower prior homeownership status; (c) tax liability; and (d) price of home.

3. Lender requests Borrower to sign the application affidavit, which serves to certify the following facts:

    a. the residence will be used as a Principal Residence and that the Borrower must notify the County when the residence ceases to be the Principal Residence of the Borrower.

    b. that except for a residence located in a Targeted Area, the Borrower has not had an ownership interest in improved-upon residential real property in the last three years.

    c. that the purchase price does not exceed purchase price limits.

    d. that this is a New Mortgage, as defined in the Internal Revenue Code.

    e. that no portion of the funds for the Borrower's mortgage is derived from a Qualified Mortgage Bond or Qualified Veteran's Mortgage Bond. Examples of a Qualified Mortgage Bond are a California Housing Finance Agency (CalHFA) first mortgage loan, Riverside County Single Family Mortgage, and a Cal Vet loan.

f. that the Borrower was not forced to apply through a particular Lender.

g. that Borrower's Gross Annual Household Income does not exceed the limitation under the MCC program. Gross Annual Household Income is calculated with the Income Computation Worksheet (MCC-2). In determining Gross Income, the combined income of all members of the household 18 and older who will be living in the dwelling unit must be computed.

h. that no interest is being paid to a Related Person within the meaning of the Internal Revenue Code.

i. that the Borrower understands that the MCC cannot be transferred.

j. that the Borrower understands that any misstatement or fraud is under penalty of perjury.

4. Lender transmits Submission Package to the MCC Program Administrator.

5. Program Administrator reviews Submission Package within ten County working days of submission for completeness, Borrower's certification, Lender's certification, conformity with MCC program guidelines.

6. Program Administrator issues an MCC Commitment to the Lender stating that the application is approved and that an MCC will be issued. The Commitment is valid for 60 days. The MCC will be issued to the Borrower so long as there are no changes prior to closing which affect eligibility. An MCC code number is assigned at commitment, please utilize this number in all correspondence/communication with the County regarding this borrower.

7. Lender requests Borrower to supply Federal Income Tax Returns for the last three years.

8. Lender processes mortgage loan application in the usual manner.

B. <u>Verification Process</u>

1. Underwriter performs normal mortgage loan underwriting process.

2. Lender takes into consideration the effect of the MCC on household income available for house payment in qualifying the Borrower. The MCC credit rate is 20%. Consult the underwriting guidelines for the type of loan

(FNMA, FHLMC, FHA 203 (b), VA, etc.) being used to determine how the MCC Credit is to be calculated in qualifying for the mortgage.

3. Lender performs standard verification for loan underwriting. At the same time, Lender must take reasonable steps to verify that MCC program requirements have been satisfied. This may be done in any reasonable, efficient manner. The items that must be verified are: income, purchase price, first time homebuyer status and mortgage type. Lender must have Income Tax Returns by this time.

C. Loan Closing

1. Lender approves the loan to the Borrower in accordance with standard Lender policies. Lender provides W-4 Income Tax Withholding form to borrower (See Appendix E).

2. Borrower uses W-4 to adjust tax withholding by an amount equal to the MCC certificate value (See Appendix D).

3. Lender notifies Program Administrator of loan approval and submits Closing Package Closing package should be signed and dated by all parties at or as close to close of escrow as possible and submitted to EDA within 5 business days of closing.

4. Program Administrator adds the amount of the MCC to the cumulative total of all MCC's issued to date.

D. Follow-up, Record Keeping, and Reporting

1. Lender files annual report, using IRS form 8329 by Jan. 31.

2. For six years, the Lender must retain:

   a. Name, mailing address, and TIN (social security number or tax identification number) of the MCC holder.

   b. Name, mailing address and TIN of the MCC issuer.

   c. Date of loan, certified indebtedness amount and MCC tax credit rate.

3. Program Administrator prepares reports on IRS form 8330, once each quarter. This report includes the amount of MCC's issued, as well as other information including name, address and social security number of any Borrower whose MCC was revoked.

4. Program Administrator or its designee performs annual random audits of participating Lender records to assure conformity with MCC program guidelines.

E. Revocations

1. The MCC is automatically revoked if the residence for which it was issued ceases to be the MCC holder's principal residence or if the mortgage obtained in connection with the MCC is paid off (including refinances).

2. Revocation will also occur upon discovery by either Program Administrator or lender of any misstatement of fact, whether by error or fraud, which would render the Borrower or residence ineligible.

F. Non-Transferability

Mortgage Credit Certificates are never transferable under any circumstances.

SECTION IV. MCC ELIGIBILITY GUIDELINES

There are three types of eligibility guidelines under the MCC Program; 1) Borrower Eligibility Guidelines; 2) Maximum Purchase Price Guidelines; and 3) Mortgage Guidelines. Lenders must certify to the best of their knowledge that all information provided by the Lender, the Borrower and the Seller is true. If the Lender becomes aware that any provided information is not true, the Lender must notify the Program Administrator immediately.

A. Borrower Eligibility Guidelines

1. The Borrower must meet credit and underwriting requirements established by the participating Lender, as would any other borrower. The effect of the MCC on income is to be considered in relation to the underwriting requirements.

2. The Borrower and their spouse may not have held an ownership interest in improved-upon residential real property nor claimed any real estate or mortgage related tax deductions in the last three (3) years. The three years is calculated by counting backwards from the date the mortgage applied for is executed. This is the definition of "first time home buyer" under Federal Internal Revenue Code regulations. The borrower's (and borrower's spouse's) last three years tax returns will be reviewed for any mortgage or real estate related deductions. If a borrower's tax returns show evidence of mortgage or real estate related deductions, the borrower must provide acceptable documentation that the deductions are not related to improved-upon residential real property and must also provide acceptable

documentation evidencing the value of the property. Asset “income” from the property must be imputed using the HUD passbook rate and added into borrower’s total qualifying income. Also, the borrower’s total assets (including property) must be equal to or less than MCC annual income limit amount based on household size for the current fiscal year. If the borrower’s total assets exceed the program’s annual income limit for their household size, the assets must be spent down accordingly. Assets (including property) disposed of for less than fair market value during the most recent 2 year period are counted as if the household still owned the asset.

To demonstrate compliance with this requirement, Borrowers must complete and sign the Application Affidavit, Closing Affidavit, and provide copies of their last three (3) years signed federal tax returns (or acceptable Income Tax Affidavit).

EXCEPTION: TARGETED AREAS

In target areas, as identified in Appendix C, the "first time home buyer" requirement does not apply. No affidavit for the first time home buyer status is required for homes in the target ~~a~~rea; however, these MCC's must be clearly identified as such.

3. Three years of Federal Income Tax returns are required. The three year period begins from the date of application to participate in the Program. Tax returns are required for each person whose name will be on the MCC and their spouse. If a person has taken deductions, a copy of the Schedule A is to be included.

    a. If the Borrower can produce the signed 1040A, 1040EZ, or 1040 returns for the three preceding years with all schedules which show no deductions for mortgage interest or real estate taxes, these forms shall be submitted with the MCC application. Certified tax returns can be requested from the IRS by using form 4506-T.

    b. If the Borrower is unable to produce income tax returns with the MCC application, the Borrower must submit transcripts from the IRS verifying the filing status of the Borrower for the tax years in question. Transcripts can be requested from the IRS by filing Form 4506 T.

    c. In the event the Borrower was not obligated to file federal income tax returns for any of the preceding three (3) years, it will be necessary for the Lender to obtain from the Borrower a completed and signed Income Tax Affidavit, which is required in place of (a) or (b) above, along with the other MCC program affidavits.

    d. When the loan is closed during the period between **January 1 and February 14** and the Borrower has not yet filed his Federal Income Tax Return for the preceding year with the IRS, the Lender may, with

respect to such year, rely on an affidavit of the Borrower that the Borrower is not entitled to claim deductions for taxes or interest on indebtedness with respect to property constituting his principal residence for the preceding calendar year.

4. The residence being purchased with the MCC-assisted mortgage must be the Borrower's Principal Residence. The Borrower must begin to use the MCC-assisted residence as his or her Principal Residence within sixty (60) days of the date the MCC is issued. The Borrower must certify his intention to do so by signing the Application Affidavit, and also must promise to notify Lender if the residence ceases to be his or her Principal Residence.

5. The Borrower's current Gross Annual Household Income must not exceed the Income limits specified in the Program. Gross Annual Household Income is calculated with the Income Computation Worksheet.

6. A co-mortgagor or co-owner is any person who is liable for a mortgage and holds an ownership interest in the home. A co-signer is usually defined as any person who is secondarily liable for a mortgage but does not have an ownership interest in the home. A co-signer is not allowed under the MCC Program.
7. Any misrepresentation, misstatement or fraud, or any failure to comply with Program requirements by Borrower will result in revocation of the MCC and/or severe penalties under Federal law.

B. Home Purchase Price Guidelines

The residence to be purchased by means of an MCC-assisted mortgage must fall below the purchase price limits to qualify.

C. Mortgage Guidelines

1. No refinancing or rollovers of existing mortgages (or land purchase contracts) can be assisted with an MCC. The Borrower certifies that the MCC-assisted mortgage is not being used to refinance or retire an existing mortgage or land contract by signing the Application Affidavit. Also, MCC cannot be used to purchase an existing mortgage.

2. The Homeowner will lose the benefits of the MCC Program upon refinancing of the original first mortgage assisted with the MCC Program.

3. An MCC cannot be used in connection with a mortgage financed through a Qualified Mortgage Bond or Qualified Veteran's Mortgage Bond.

4. No interest on an MCC-assisted mortgage (or certified indebtedness) may be paid to any Related Person as defined in Section 144(a) of the Internal Revenue Code. The Borrower certifies that no portion of the interest on

the Borrower's mortgage will be paid to any Related Person by signing the Application Affidavit.

5. As specified above, MCC's are totally non-transferable.

6. Riverside County MCC Program will only be used for fixed interest rate 15-year, 30-year or 40-year term loans, including FHA 203 (b), VA, FNMA, FHLMC and privately insured loans. MCC's may not be used in conjunction with bond backed loans such as Cal-Vet or California Housing Finance Agency (CalHFA) first mortgage loans and no negative amortization loans.

SECTION VI. MCC PROCESSING

A. Order of Processing

MCC applications will be processed by the Program Administrator on a first-come, first-served basis, in chronological order as received from Lenders.

Program Administrator maintains a cumulative-to-date total of aggregate amount of MCC's to be issued. After the total available under the MCC program has been issued, Lenders will be notified and no further issues will be made.

B. Application and Initial Screening

1. The formal application process begins when the Program Administrator receives the MCC Submission Package. The Submission Package consists of original signed copies of the documents listed in Appendix E.

2. Program Administrator and Lender perform an initial screening for compliance with program guidelines (See Section IV). If the applicant and residence fall within the guidelines, the Program Administrator will notify the Lender within ten County working days that the Application is received and an MCC Commitment has been made. A code number is then assigned to the MCC Commitment. If the subject property escrow closes prior to issuance of the MCC Commitment, the MCC application will be declined.

C. MCC Closing Package

1. After the commitment is issued and the code number assigned, Lender is responsible for compiling the Closing Package and submitting this package within 5 days of loan closing. The closing package should be signed at or as close to close of escrow as possible. There will be a $50

penalty for not meeting the deadline. The Closing Package consists of originally signed copies (originals) of the documents listed in Appendix F.

2. Lenders are responsible to make reasonable efforts to verify the information provided.

D. Resubmission of Rejected Applications

Submission Packages and Closing Packages that are rejected by the Program Administrator may be corrected and resubmitted once. This second submission, which must be re-verified wherever appropriate, will receive a second review, and a final determination will be made. No additional fee will be charged for the re-submission. No further re-submissions above the second submission will be considered.

E. MCC Commitments, Extensions, Cancellations

1. As described in Section III(B) in this handbook, the Commitment is issued by the Program Administrator after an acceptable Submission Package is received and screened. The MCC Commitment expires on the earlier of (i) 60 days plus one 30 day extension if approved or (ii) the expiration date of the MCC credit allocation. The extension can be granted upon request with payment of a $50 extension fee at any time during the 60 day original term. If the extension is requested, income must be re-verified during the extension period. The Program Administrator can waive the $50 fee if the County or Program Administrator caused a delay, other than in the normal course of duty.

2. Lender must notify Program Administrator of any MCC Commitments which should be canceled, and provide a reason for cancellation within five (5) working days of such cancellation.

F. Changes in Information

In some cases there may be changes in information between the date the Application Affidavit is submitted and the date of the closing.

1. Change in Home Being Purchased. If a borrower changes homes after issuance of the Commitment letter, the Lender must assist the borrowers in completing a new application affidavit and submit the application affidavit to the MCC Coordinator with a cover letter explaining the reason for the change. The MCC Coordinator will issue a new Commitment if all of the following is determined: (1) the home being purchased is located in a participating location; and (2) the home being purchased meets the purchase price limits for the MCC Program. In addition, if the indebtedness amount for the home being purchased will be more than the

original residence, the reissued commitment is contingent upon the County having sufficient MCC funds for the new amount.

2. Changes in MCC current income. Once the income at the time of the commitment has been verified, it is not necessary to cancel the application based on changes in income or in the working status of family members except to the extent that a new source of income not included in the ~~a~~pplication ~~a~~ffidavit is being received. Income must be re-verified if the closing of the mortgage does not occur within 60 days of the execution of the application affidavit.

3. Marriage. If the Borrower gets married after issuance of the MCC Commitment and before the closing, the Program Administrator must be notified, and the new spouse must meet the "first time home buyer" requirements in Section IV(A)(2). The new spouse's income is a new source of income and must be taken into account in determining income eligibility.

4. Homeownership. If the Borrower or their spouse acquires an ownership interest in improved-upon residential real property at any time prior to closing, the MCC Commitment shall be revoked (unless the MCC-assisted mortgage is for a home located in a Targeted Area; see Section IV(A)(2) "Exception").

5. Purchase Price. If the cost of the residence is being purchased with an MCC-assisted mortgage increases, the Program Administrator must be notified. If the new price exceeds the Purchase Price Limits, the MCC Commitment will be revoked.

6. Indebtedness Amount. If the amount of the MCC-assisted mortgage or Certified Indebtedness Amount increases, the Program Administrator must be notified. In the unusual case where this increase causes the total value of MCC Certificates issued to go above the maximum available, the increase may be disapproved.

Program Administrator must be notified by Lender of any other change in information provided prior to closing.

APPENDIX A

Riverside County
Mortgage Credit Certificate Program

Income and Purchase Price Limits

OUTSIDE TARGET AREA CENSUS TRACT

Income Limits
Effective: May 6, 2019

Household Size	Maximum Annual Income
One to Two people	$82,200
Three or more people	$94,530

Purchase Price Limits
Effective: March 20, 2019

Type of Home	Maximum Purchase Price
New Construction & Resale	$388,131

INSIDE TARGET AREA CENSUS TRACT

Income Limits
Effective: May 6, 2019

Household Size	Maximum Annual Income
One to Two people	$98,640
Three or more people	$115,080

Purchase Price Limits
Effective: March 20, 2019

Type of Home	Maximum Purchase Price
New Construction & Resale	$474,382

Revised 08/12/2019

APPENDIX B

Riverside County
Mortgage Credit Certificate Program

Participating Jurisdictions

The Riverside County Mortgage Credit Certificate Program may be utilized to purchase a home in the following locations:

Within the City Limits of the following jurisdictions:

Banning	Beaumont
Blythe	Calimesa
Coachella	Corona
Desert Hot Springs	Hemet
Indio	Jurupa Valley
Lake Elsinore	La Quinta
Menifee	Moreno Valley
Murrieta	Norco
Palm Desert	Palm Springs
Perris	Riverside
San Jacinto	Temecula
Wildomar	

Please note that the following cities are **not** participating in the County's MCC Program and MCC's **cannot** be issued to purchasers of homes located within the City Limits of these cities:

Canyon Lake
Cathedral City
Eastvale
Indian Wells
Rancho Mirage

APPENDIX C

COUNTY OF RIVERSIDE
FEDERALLY-DESIGNATED TARGETED AREAS
(Qualified Census Tracts from the 2019 IRS Section 42(d)(5)(B))

City/Community*	Census Tract(s)
Banning	441.01, 442.00
Beaumont	440.00
Blythe	459.00, 462.00
Cabazon	n/a
Calimesa	n/a
Coachella	456.04, 456.09, 457.03, 457.04, 457.05, 457.06
Corona	414.01, 414.10, 415.00, 416.00, 417.03. 417.04
Desert Hot Springs	445.09, 445.10, 445.15, 445.07, 445.21, 472.01
Hemet	433.07, 433.08, 433.09, 433.10, 434.01, 434.03, 434.04, 434.05, 435.03, 437.01
Indio	452.07, 452.09, 453.02, 453.03, 455.01, 455.02, 456.03[1]
Jurupa Valley	402.03, 403.01
Lake Elsinore	429.02, 430.03, 430.06, 464.02
La Quinta	456.05, 456.09
Menifee	n/a
Moreno Valley	424.04, 424.05, 425.05, 425.11, 425.15, 425.19, 425.20
Murrieta	n/a
Norco	n/a
Palm Desert	447.02
Palm Springs	445.21, 449.07, 449.26, 9414.00
Perris	420.10, 426.17, 427.06, 428.00, 427.23, 429.04
Riverside	303.00, 304.00, 305.01, 305.02, 305.03, 310.02, 313.00, 410.01, 410.02, 411.01, 422.09, 422.10, 425.05, 465.00
San Jacinto	429.03, 435.07, 436.01, 436.02, 437.01
Temecula	n/a
Wildomar	n/a

[1]-This census tract covers city of Indio and unincorporated Riverside County.

*All of the federally-designated Targeted areas listed above participate in the MCC Program.

Revised 08/12/2019

APPENDIX D

HOW TO CALCULATE MCC CREDIT AND ADJUST W4 FORM

Calculating the MCC Tax Credit. The MCC federal income tax credit is based on the interest paid on a mortgage loan. In Riverside County, the MCC federal income tax credit is equal to 20% of the interest paid on the mortgage loan.

Example: A Sample Mortgage Loan Analysis with MCC credit (next page) is to be used with the example. The sample shows the MCC credit which is equal to 20% of the interest paid for each year of the 30 year mortgage loan. In the first year of ownership, the interest paid on the mortgage loan equals $10,000.00, ($100,000.00 x 10% = $10,000.00). Fifteen percent of that interest is the MCC credit, which amounts to $1,500.00, ($10,000.00 x 20% = $2,000.00). Every year the amount of interest paid will decrease, thus the MCC credit will decrease over time.

This example can be translated into the following formula:

MCC Credit = Mortgage Loan Amount x Interest Rate x 20% MCC Rate

Adjusting the Borrowers W4 Form. The MCC tax credit may be taken throughout the year by the borrower(s); therefore, the W4 Form must be adjusted accordingly.

Using the first example of a $2,000.00 federal income tax credit, we can determine the amount of credit earned each month by dividing by 12 months, ($2,0000/12 = approx. $166.00 per month). When taking the credit throughout the year the borrower must add additional withholding allowances to their W4 Form. The borrower must add the number of withholding allowances that approximate their MCC credit. In our example, the MCC credit amounts to $166.00 per month. By adding additional withholding allowances, the borrower will not be taxed as heavily and should see an increase in their paycheck equal to the amount of their monthly credit. You can calculate the credit weekly, bi-weekly, monthly, etc. to suit the borrowers' payroll needs. All Participating Lenders should obtain a copy of Circular E for adjusting W4 Forms. Circular E is available at any IRS office. The following example illustrates this calculation.

Important: Inform the borrower that they need to be aware of the amount of credit being earned every year. The borrower will have to adjust their W4 Form to reflect the decreasing credit if necessary.

Example: Mr. Smith has borrowed $100,000 at 10% interest to purchase his house. He has received an MCC and his credit is $1,500 for the first year (see chart). Mr. Smith is single with no children (claims 1 on his W4 Form) and earns $2,200 per month ($26,400 per year). On the following page is an excerpt from an IRS **Circular E** which shows the federal income tax withholdings according to the number of withholding allowances claimed on a W4 Form. According to the Circular E, Mr. Smith pays $305 per month in federal income tax. When we apply his $125 MCC credit the amount is reduced to $180 ($305 - $125 = $180). The amount of federal income tax withheld from Mr. Smith's paycheck is reduced by $125 to $180. To determine the number of withholding allowances to claim, find the number (in the same row) that comes closest to $180. The new tax amount falls between 4 and 5 withholding allowances on his W4 Form; Mr. Smith's paycheck should be increased approximately $103 every month ($305 - $202 = $103). The remainder of the credit can be claimed at the end of the year at tax time. Should Mr. Smith's MCC credit exceed his tax liability at the end of the year, he can carry forward any remaining credit for up to three years.

Revised 08/12/2019

Circular E (Sample):

SINGLE Persons - **MONTHLY** Payroll Period (For Wages paid After December 1991)

And the wages are-		And the number of withholding allowances claimed is -										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
		The amount of income tax to be withheld shall be -										
$1,800	$1,840	$257	$228	$199	$171	$142	$113	$84	$56	$27	$0	$0
1,840	1,880	263	234	205	177	148	119	90	62	33	4	0
1,880	1,920	269	240	211	183	154	125	96	68	39	10	0
1,920	1,960	280	246	217	189	160	131	102	74	45	16	0
1,960	2,000	292	252	223	195	166	137	108	80	51	22	0
2,000	2,040	303	258	229	201	172	143	114	86	57	28	0
2,040	2,080	314	264	235	207	178	149	120	92	63	34	5
2,080	2,120	325	272	241	213	184	155	126	98	69	40	11
2,120	2,160	336	283	247	219	190	161	132	104	75	46	17
2,160	2,200	348	294	253	225	196	167	138	110	81	52	23
2,200	2,240	359	305	259	231	202	173	144	116	87	58	29
2,240	2,280	370	316	265	237	208	179	150	122	93	64	35
2,280	2,320	381	328	274	243	214	185	156	128	99	70	41
2,320	2,360	392	339	285	249	220	191	162	134	105	76	47
2,360	2,400	404	350	296	255	226	197	168	140	111	82	53

Sample Mortgage Loan Analysis with MCC Credit

Principal	$100,000.00	Start date	4/30/90
Annual Interest Rate	10.00%	Yearly Payment	$10,607.92
Term (years)	30	No. of Payments	30

Payment No.	Payment Dates	Beginning Balance	Interest	Principal	Ending balance	Cumulative Interest	MCC CREDIT
1	4/90	$100,000.00	$10,000.00	$607.92	$99,392.08	$10,000.00	$1500.00
2	4/91	99392.08	9939.21	668.72	98732.36	19939.21	1490.88
3	4/92	98723.36	9872.34	735.59	97987.77	29811.54	1480.85
4	4/93	97987.77	9798.78	809.15	97178.62	39610.32	1469.82
5	4/94	97178.62	9717.86	890.06	96288.56	49328.18	1457.68
6	4/95	96288.56	9628.86	979.07	95309.49	58957.04	1444.33
7	4/96	95309.49	9530.95	1076.98	94232.51	68487.99	1429.64
8	4/97	94232.51	9423.25	1184.67	93047.84	77911.24	1413.49
9	4/98	93047.84	9304.78	1303.14	91744.70	87216.02	1395.72
10	4/99	91744.70	9174.47	1433.45	90311.24	96390.49	1376.17
11	4/00	90311.24	9031.12	1576.80	88734.44	105421.62	1354.67
12	4/01	88734.44	8873.44	1734.48	86999.96	114295.06	1331.02
13	4/02	86999.96	8700.00	1907.93	85092.03	122995.06	1305.00
14	4/03	85092.03	8509.20	2098.72	82993.31	131504.26	1276.38
15	4/04	82993.31	8299.33	2308.59	80684.72	139803.59	1244.90
16	4/05	80684.72	8068.47	2539.45	78145.27	147872.06	1210.27
17	4/06	78145.27	7814.53	2793.40	75351.87	155656.59	1172.18
18	4/07	75351.87	7535.19	3072.74	72279.13	163221.78	1130.28
19	4/08	72279.13	7227.91	3380.01	68899.12	170449.69	1084.19
20	4/09	68899.12	6889.91	3718.01	65181.11	177339.60	1033.49
21	4/10	65181.11	6518.11	4089.81	61091.29	183857.71	977.72
22	4/11	61091.29	6109.13	4498.80	56592.50	189966.84	916.37
23	4/12	56592.50	5659.25	4948.68	51643.82	195626.09	848.89
24	4/13	51643.82	5164.38	5443.54	46200.28	200790.47	774.66
25	4/14	46200.28	4620.03	5987.90	40212.38	205410.50	693.00
26	4/15	40212.38	4021.24	6586.69	33625.69	209431.74	603.19
27	4/16	33625.69	3362.57	7245.36	26380.34	212794.31	504.39
28	4/17	26380.34	2638.03	7969.89	18410.45	215432.34	395.70
29	4/18	18410.45	1841.04	8766.88	9643.57	217273.39	276.16
	4/19	9643.57	964.36	9643.57	0.00	218237.74	144.65

Revised 08/12/2019

APPENDIX E

MORTGAGE CREDIT CERTIFICATE PROGRAM
IRS FORMS

All of the form numbers listed can be obtained from local IRS office or by calling (800) 829-1040 or visit www.irs.gov

Form 8329

Must be filed by the lender for any MCC's issued for the borrower for the calendar year.

Part II - Issuing Authority:

Issuer's Name:	Riverside County Economic Development Agency
Issuer's Address:	5555 Arlington Avenue Riverside, California 92504
Employer I.D. No.:	956000-930
Election Date:	January 14, 2010 (2009 Allocation) February 14, 2011 (2011 Allocation) April 5, 2012 (2012 Allocation)

Note: The first two digits of the Mortgage Credit Certificate Number indicate the year of the allocation. For example: MCC 09-001 is the 2009 Allocation and MCC 11-001 is the 2011 Allocation.

Part IV - Computation of the Total Amount of MCC:

Certified Indebtedness Amount of each MCC issued is equal to the mortgage loan amount times the certificate credit rate. The credit rate for MCC with a 94- or 95- number is twenty (20%) percent. The credit rate for MCC with a number of 96- or higher is fifteen (15%) percent. The credit rate for certain MCC with a number of 2012 to current is twenty (20%) percent.

Form 8396

This form must be filed by the Borrower with the 1040 long form every year they live in and own their house.

Form 4506-T

If the Borrower does not have copies of tax returns he must file this form with the IRS requesting his filing status for the year(s) in question.

W4 Form

The Lender must provide and assist with filling out a new W4 Form when the borrower's loan closes.

Revised 08/12/2019

Form **8329**

(Rev. November 2005)
Department of the Treasury
Internal Revenue Service

Lender's Information Return for Mortgage Credit Certificates (MCCs)

For calendar year ending .....

OMB No. 1545-0922

Part I Reporting Authority

Lender's name	**Employer identification number**
Lender's address (number, street, or P.O. box no., if mail is not delivered to street address)	Room/suite
City, town, or post office, state, and ZIP code	

Part II Issuing Authority

Issuer's name		**Employer identification number**
Issuer's address (number, street, or P.O. box no., if mail is not delivered to street address)	Room/suite	Election date
City, town, or post office, state, and ZIP code		Nonissued bond amount

Part III Recipients of Mortgage Credit Certificates (If more than five recipients, see instructions.)

	(a) Name(s)	(b) Address Do not use a P.O. box number.	(c) Social Security Number(s)
1			
2			
3			
4			
5			

Part IV Computation of the Total Amount of Mortgage Credit Certificates (Note: *Match the information entered on each line with information entered on each corresponding line in Part III.)*

	(d) Date of Issue of MCC	(e) Certified Indebtedness Amount of Each MCC Issued	(f) Certificate Credit Rate	(g) Amount of MCC Issued (column **(e)** × column **(f)**)
1				
2				
3				
4				
5				
6 Total amount of MCCs issued. (See instructions.) . . . . . ▶				

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than representative of lender) is based on all information of which preparer has any knowledge.

▶ Signature of authorized representative of lender | Date | ▶ Title

Paid Preparer's Use Only

Preparer's signature ▶	Date	Check if self-employed ▶ ☐	Preparer's SSN or PTIN
Firm's name (or yours if self-employed) and address ▶		EIN ▶	
		ZIP code ▶	

For Privacy Act and Paperwork Reduction Act Notice, see back of form. Cat. No. 13902F Form **8329** (Rev. 11-05)

Revised 08/12/2019

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Any person who makes a loan that is a "certified indebtedness amount" on any mortgage credit certificate (MCC) must maintain books and records of such activity and file Form 8329. (See Temporary Regulations section 1.25-8T(a).)

A separate Form 8329 must be filed for each issue of MCCs for which the lender made mortgage loans during the calendar year. Each issue of MCCs corresponds to the MCC program relating to the nonissued bond amount that was the subject of the election made on the election date. Both the nonissued bond amount and the election date are to be provided in Part II of this Form 8329.

Purpose of Form

Form 8329 is used by lenders of certified indebtedness amounts to provide the IRS with information regarding the issuance of MCCs under section 25.

The MCC must be issued under a program that meets the residence requirements of section 143(c). Under these requirements, the residence must: **(1)** be a single-family residence that can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided, and **(2)** be located in the jurisdiction of the authority issuing the certificate. See section 25(c)(2) for additional requirements.

Who Must File

Any person who makes a loan that is a certified indebtedness amount on any MCC must file Form 8329.

When To File

File Form 8329 by January 31 following the close of the calendar year in which the lender made certified indebtedness loans.

The IRS may grant an extension of time to file Form 8329 if there is reasonable cause for not filing on time.

Where To File

File Form 8329 with the Internal Revenue Service Center, Ogden, UT 84201.

Penalty

Any person required to file Form 8329 may be subject to a $200 penalty for each form that is not filed by the due date.

Definitions

Mortgage Credit Certificate. A mortgage credit certificate is a certificate issued under a "qualified mortgage credit certificate program" by the state or political subdivision having the authority to issue qualified mortgage bonds to provide financing for the acquisition, qualified rehabilitation, or qualified home improvement of a taxpayer's principal residence. For more information, see section 25(c)(1).

Qualified mortgage credit certificate program. A qualified mortgage credit certificate program is a program established for any calendar year by a state or political subdivision that is authorized to issue qualified mortgage bonds under section 143 (and for which there has been an appropriate allocation of state volume cap for that calendar year under section 146) but elected instead to issue mortgage credit certificates. (See section 25(c)(2) for additional requirements.) The aggregate amount of all mortgage credit certificates issued under any single MCC program may not exceed 25% of the nonissued bond amount for which the election was made. See section 25(d)(2).

Certified indebtedness amount. The certified indebtedness amount is the amount of indebtedness specified in the MCC and incurred by a taxpayer:

a. To acquire his or her principal residence,

b. To make qualified home improvements on that residence, or

c. To make a qualified rehabilitation of that residence.

Certificate credit rate. The certificate credit rate is the rate specified by the issuer on the MCC. However, the rate cannot be less than 10% nor more than 50%. For other limitations, see Temporary Regulations section 1.25-2T(b).

Specific Instructions

Part I. Reporting Authority

Provide information about the mortgage lender.

Part II. Issuing Authority

Provide information about the mortgage credit certificate issuer.

Election date. Enter the date the issuing authority elected to issue MCCs in lieu of qualified mortgage bonds for the MCC program that included the amounts listed in Part IV, column (e).

Nonissued bond amount. Enter the total amount of qualified mortgage bonds (as defined in section 143(a)(1) and the related regulations) that the issuer has authority to issue but elected instead on the election date to convert into authority to issue MCCs.

Part III. Recipients of Mortgage Credit Certificates

Column (a). Enter the name(s) of the MCC holder(s) to whom the lender made certified indebtedness loan(s) during the calendar year. If an MCC lists more than one holder, enter all of the holders on one line.

Column (b). Enter the number and street, city, state, and ZIP code of the property for which the MCC was issued. Do not use a P.O. box number.

Column (c). Enter the social security number(s) of the holder(s) listed on the MCC.

Part IV. Computation of the Total Amount of Mortgage Credit Certificates

Column (d). Enter the date the issuing authority issued the certificate for the amount included in column (e). Do not give the date the loan was made nor the date when any preliminary approval to issue an MCC was given by the issuer.

If the loan is for a reissued MCC as permitted by the regulations, the date of the reissued certificate should be given, preceded by the word "Reissued." For example, "Reissued, July 26, 2005."

Column (f). Enter the certificate credit rate for each MCC.

Column (g). For each certificate amount listed in column (e), multiply by the certificate credit rate associated with that certificate shown in column (f).

Line 6. This is the aggregate amount of MCCs issued (Part IV, column (g)) in connection with the lender's loans relating to the issuer's MCC program for the calendar year. The total should reflect all of the MCCs described on the lender's Form 8329, including any attachments, for the MCC program for the calendar year.

Additional Entries

If the lender must report on more than 5 mortgage credit certificates, it should report these additional certificates on an attachment formatted like Form 8329.

Instead of formatting its own attachment, the lender may use one Form 8329 as a transmittal document and use additional Forms 8329 as attachments. In such a case, draw an "X" across the 5 lines of Parts III and IV of the Form 8329 used as a transmitting document. Complete the remainder of this Form 8329, making certain that all mortgage credit certificate amounts reported in all the attachments in Part IV, column (g) are totaled for line 6 of the transmittal document. Sign only the transmittal Form 8329 and indicate in the top margin the number of Forms 8329 attached to this Form 8329.

On the attached Forms 8329, show the lender's name and employer identification number in Part I and enter mortgage credit certificate information on the 5 lines of Parts III and IV.

Signature

Form 8329 must be signed by an authorized representative of the lender.

Leave the paid preparer's space blank if the return was prepared by a regular employee of the lender. Otherwise, anyone who is paid to prepare the return must sign it in the *Paid Preparer's Use Only* area.

The paid preparer must complete the required preparer information and:

- Sign the return, by hand, in the space provided for the preparer's signature (signature stamps and labels are not acceptable).
- Give a copy of the return to the lender.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws. Section 6109 requires return preparers to provide their identifying numbers on the return.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	3 hr., 35 min.
Learning about the law or the form	1 hr.
Preparing and sending the form to the IRS	1 hr., 6 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Services, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the form to this address. Instead, see *Where To File* on this page.

Form **8396**

Department of the Treasury
Internal Revenue Service (99)

Mortgage Interest Credit

(For Holders of Qualified Mortgage Credit Certificates Issued by State or Local Governmental Units or Agencies)

▶ Go to *www.irs.gov/Form8396* for the latest information.

▶ Attach to Form 1040 or 1040NR.

OMB No. 1545-0074

2017

Attachment Sequence No. **138**

Name(s) shown on your tax return	Your social security number

Enter the address of your main home to which the qualified mortgage certificate relates if it is different from the address shown on your tax return.

Name of Issuer of Mortgage Credit Certificate	Mortgage Credit Certificate Number	Issue Date

Before you begin Part I, figure the amounts of any of the following credits you are claiming: Credit for the elderly or the disabled, alternative motor vehicle credit, and qualified plug-in electric drive motor vehicle credit.

Part I Current Year Mortgage Interest Credit

1	Interest paid on the certified indebtedness amount. If someone else (other than your spouse if filing jointly) also held an interest in the home, enter only your share of the interest paid	1	
2	Enter the certificate credit rate shown on your **mortgage credit certificate. Do not** enter the interest rate on your home mortgage	2	%
3	If line 2 is 20% or less, multiply line 1 by line 2. If line 2 is more than 20%, or you refinanced your mortgage and received a reissued certificate, see the instructions for the amount to enter. **You must reduce your deduction for home mortgage interest on Schedule A (Form 1040) by the amount on line 3.**	3	
4	Enter any 2014 credit carryforward from line 16 of your 2016 Form 8396	4	
5	Enter any 2015 credit carryforward from line 14 of your 2016 Form 8396	5	
6	Enter any 2016 credit carryforward from line 17 of your 2016 Form 8396	6	
7	Add lines 3 through 6	7	
8	Limitation based on tax liability. Enter the amount from the Credit Limit Worksheet (see instructions)	8	
9	**Current year mortgage interest credit.** Enter the **smaller** of line 7 or line 8. Also include this amount in the total on Form 1040, line 54, or Form 1040NR, line 51. Check box **c** on that line and enter "8396" in the space next to that box	9	

Part II Mortgage Interest Credit Carryforward to 2018. (Complete only if line 9 is less than line 7.)

10	Add lines 3 and 4	10	
11	Enter the amount from line 7	11	
12	Enter the **larger** of line 9 or line 10	12	
13	Subtract line 12 from line 11	13	
14	**2016 credit carryforward to 2018.** Enter the **smaller** of line 6 or line 13	14	
15	Subtract line 14 from line 13	15	
16	**2015 credit carryforward to 2018.** Enter the **smaller** of line 5 or line 15	16	
17	**2017 credit carryforward to 2018.** Subtract line 9 from line 3. If zero or less, enter -0-	17	

For Paperwork Reduction Act Notice, see your tax return instructions.

General Instructions

Future Developments

For the latest information about developments related to Form 8396 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/Form8396*.

Purpose of Form

Use Form 8396 to figure the mortgage interest credit for 2017 and any credit carryforward to 2018.

Who Can Claim the Credit

You can claim the credit only if you were issued a qualified Mortgage Credit Certificate (MCC) by a state or local governmental unit or agency under a qualified mortgage credit certificate program.

CAUTION *Homestead Staff Exemption Certificates, and certificates issued by the Federal Housing Administration, Department of Veterans Affairs, and Farmers Home Administration do not qualify for the credit.*

The home to which the certificate relates must be your main home and also must be located in the jurisdiction of the governmental unit that issued the certificate.

If the interest on the mortgage was paid to a related person, you cannot claim the credit.

Refinanced Mortgage

You can refinance your mortgage without losing this credit if your existing MCC is reissued and the reissued certificate meets all of the following conditions.

- It must be issued to the holder(s) of the existing certificate for the same property.
- It must entirely replace the existing certificate. The holder cannot retain any portion of the outstanding balance of the existing certificate.
- The certified indebtedness on the reissued certificate cannot exceed the outstanding balance shown on the existing certificate.
- The credit rate of the reissued certificate cannot exceed the credit rate of the existing certificate.
- The reissued certificate cannot result in a larger amount on line 3 than would otherwise have been allowable under the existing certificate for any tax year.

For each tax year, you must determine the amount of credit that you would have been allowed using your original MCC. To do this, multiply the interest that was scheduled to be paid on your original mortgage by the certificate rate on your original MCC. The result may limit your line 3 credit allowed when you have a reissued MCC, even if your new loan has a lower interest rate.

If the certificate credit rates are different in the year you refinanced, attach a statement showing separate calculations for lines 1, 2, and 3 for the applicable parts of the year when the original MCC and the reissued MCC were in effect. Combine the amounts from both calculations for line 3. Enter that total on line 3 of the form and enter "see attached" on the dotted line next to line 2.

For more details, see Regulations section 1.25-3(p).

Recapture of Credit

If you buy a home using an MCC and sell it within 9 years, you may have to recapture (repay) some of the credit. See Pub. 523, Selling Your Home, and Form 8828, Recapture of Federal Mortgage Subsidy.

Additional Information

See Pub. 530, Tax Information for Homeowners, for more details.

Specific Instructions

Part I—Current Year Mortgage Interest Credit

Line 1

Enter the interest you paid during the year on the loan amount (certified indebtedness amount) shown on your MCC. In most cases, this will be the amount in box 1 on Form 1098, Mortgage Interest Statement, or on a similar statement you received from your mortgage holder. If the loan amount on your MCC is less than your total mortgage loan, you must allocate the interest to determine the part that relates to the loan covered by the MCC. See Pub. 530 for an example of how to allocate the interest.

Line 2

The certificate credit rate cannot be less than 10% or more than 50%.

Line 3

If you refinanced, see *Refinanced Mortgage* on this page.

If the certificate credit rate shown on line 2 is more than 20%, multiply line 1 by line 2, but do not enter more than $2,000 on line 3. If you and someone else (other than your spouse if filing jointly) held an interest in the home, the $2,000 limit must be allocated to each owner in proportion to the interest held. See *Dividing the Credit* in Pub. 530 for an example of how to make the allocation.

Reduction of home mortgage interest deduction on Schedule A (Form 1040). If you itemize your deductions on Schedule A, you must reduce the amount of home mortgage interest you would otherwise deduct on Schedule A by the amount on Form 8396, line 3, and report the reduced amount on Schedule A. You must do this even if part of the amount on line 3 is carried forward to 2018.

Line 8—Credit Limit Worksheet

Keep for Your Records

1. Enter the amount from Form 1040, line 47, or Form 1040NR, line 45 . . . . . **1.** _____

2. **Form 1040 filers:** Enter the amounts from Form 1040, lines 48 through 51; line 12 of the Line 11 Worksheet in Pub. 972*; Form 5695, line 30**; Form 8910, line 15; Form 8936, line 23; and Schedule R (Form 1040A or 1040), line 22.

   Form 1040NR filers: Enter the amounts from Form 1040NR, lines 46 through 48; line 12 of the Line 11 Worksheet in Pub. 972*; Form 5695, line 30**; Form 8910, line 15; and Form 8936, line 23. **2.** _____

3. Subtract line 2 from line 1. Enter this amount on Form 8396, line 8. If zero or less, enter -0- here and on Form 8396, lines 8 and 9, and go to Part II of Form 8396 . . . . . **3.** _____

*If you are filing Form 2555 or Form 2555-EZ, enter instead the amount, if any, from line 13 of the Child Tax Credit Worksheet in Pub. 972. If you are not claiming the child tax credit, you do not need Pub. 972.

**If applicable.

Part II—Mortgage Interest Credit Carryforward to 2018

If the amount on line 9 is less than the amount on line 7, you may have an unused credit to carry forward to the next 3 tax years or until used, whichever comes first. The current year credit is used first and then the prior year credits, beginning with the earliest prior year.

If you have any unused credit to carry forward to 2018, keep a copy of this form to figure your credit for 2018.

CAUTION *If you are subject to the $2,000 credit limit because your certificate credit rate is more than 20%, no amount over the $2,000 limit (or your prorated share of the $2,000 if you must allocate the credit) may be carried forward for use in a later year.*

Form **4506-T**

(Rev. January 2008)

Department of the Treasury
Internal Revenue Service

Request for Transcript of Tax Return

▶ **Do not sign this form unless all applicable lines have been completed. Read the instructions on page 2.**

▶ **Request may be rejected if the form is incomplete, illegible, or any required line was blank at the time of signature.**

OMB No. 1545-1872

Tip: Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can also call 1-800-829-1040 to order a transcript. If you need a copy of your return, use **Form 4506,** Request for Copy of Tax Return. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.	**1b First social security number on tax return or employer identification number (see instructions)**
2a If a joint return, enter spouse's name shown on tax return	**2b Second social security number if joint tax return**

3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code

4 Previous address shown on the last return filed if different from line 3

5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number. The IRS has no control over what the third party does with the tax information.

Caution: ***DO NOT SIGN*** *this form if a third party requires you to complete Form 4506-T, and lines 6 and 9 are blank.*

6 **Transcript requested.** Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶ _____

a **Return Transcript,** which includes most of the line items of a tax return as filed with the IRS. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days . . . . . ☐

b **Account Transcript,** which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 30 calendar days . ☐

c **Record of Account,** which is a combination of line item information and later adjustments to the account. Available for current year and 3 prior tax years. Most requests will be processed within 30 calendar days . . . . . ☐

7 **Verification of Nonfiling,** which is proof from the IRS that you **did not** file a return for the year. Most requests will be processed within 10 business days . . . . . ☐

8 **Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript.** The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2006, filed in 2007, will not be available from the IRS until 2008. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 45 days . . . . . ☐

Caution: *If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.*

9 **Year or period requested.** Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately.

____/____/_____ ____/____/_____ ____/____/_____ ____/____/_____

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, **either** husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer.

Telephone number of taxpayer on line 1a or 2a
( )

Sign Here

▶ **Signature** (see instructions) — Date

▶ **Title** (if line 1a above is a corporation, partnership, estate, or trust)

▶ **Spouse's signature** — Date

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 37667N Form **4506-T** (Rev. 1-2008)

General Instructions

Purpose of form. Use Form 4506-T to request tax return information. You can also designate a third party to receive the information. See line 5.

Tip. Use Form 4506, Request for Copy of Tax Return, to request copies of tax returns.

Where to file. Mail or fax Form 4506-T to the address below for the state you lived in, or the state your business was in, when that return was filed. There are two address charts: one for individual transcripts (Form 1040 series and Form W-2) and one for all other transcripts.

If you are requesting more than one transcript or other product and the chart below shows two different RAIVS teams, send your request to the team based on the address of your most recent return.

Note. *You can also call 1-800-829-1040 to request a transcript or get more information.*

Chart for individual transcripts (Form 1040 series and Form W-2)

If you filed an individual return and lived in:	Mail or fax to the "Internal Revenue Service" at:
District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New York, Vermont	RAIVS Team Stop 679 Andover, MA 05501 978-247-9255
Alabama, Delaware, Florida, Georgia, North Carolina, Rhode Island, South Carolina, Virginia	RAIVS Team P.O. Box 47-421 Stop 91 Doraville, GA 30362 770-455-2335
Kentucky, Louisiana, Mississippi, Tennessee, Texas, a foreign country, or A.P.O. or F.P.O. address	RAIVS Team Stop 6716 AUSC Austin, TX 73301 512-460-2272
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming	RAIVS Team Stop 37106 Fresno, CA 93888 559-456-5876
Arkansas, Connecticut, Illinois, Indiana, Michigan, Missouri, New Jersey, Ohio, Pennsylvania, West Virginia	RAIVS Team Stop 6705–B41 Kansas City, MO 64999 816-292-6102

Chart for all other transcripts

If you lived in or your business was in:	Mail or fax to the "Internal Revenue Service" at:
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Georgia, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Tennessee, Texas, Utah, Washington, Wyoming, a foreign country, or A.P.O. or F.P.O. address	RAIVS Team P.O. Box 9941 Mail Stop 6734 Ogden, UT 84409 801-620-6922
Connecticut, Delaware, District of Columbia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia, Wisconsin	RAIVS Team P.O. Box 145500 Stop 2800 F Cincinnati, OH 45250 859-669-3592

Line 1b. Enter your employer identification number (EIN) if your request relates to a business return. Otherwise, enter the first social security number (SSN) shown on the return. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

Line 6. Enter only one tax form number per request.

Signature and date. Form 4506-T must be signed and dated by the taxpayer listed on line 1a or 2a. If you completed line 5 requesting the information be sent to a third party, the IRS must receive Form 4506-T within 60 days of the date signed by the taxpayer or it will be rejected.

Individuals. Transcripts of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506-T exactly as your name appeared on the original return. If you changed your name, also sign your current name.

Corporations. Generally, Form 4506-T can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer.

Partnerships. Generally, Form 4506-T can be signed by any person who was a member of the partnership during any part of the tax period requested on line 9.

All others. See Internal Revenue Code section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

Documentation. For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the Letters Testamentary authorizing an individual to act for an estate.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to establish your right to gain access to the requested tax information under the Internal Revenue Code. We need this information to properly identify the tax information and respond to your request. Sections 6103 and 6109 require you to provide this information, including your SSN or EIN. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 4506-T will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form,** 10 min.; **Preparing the form,** 12 min.; and **Copying, assembling, and sending the form to the IRS,** 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506-T simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see *Where to file* on this page.

Form W-4 (2008)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2008 expires February 16, 2009. See Pub. 505, Tax Withholding and Estimated Tax.

Note. You cannot claim exemption from withholding if (a) your income exceeds $900 and includes more than $300 of unearned income (for example, interest and dividends) and (b) another person can claim you as a dependent on their tax return.

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earner/multiple job situations. Complete all worksheets that apply. However, you may claim fewer (or zero) allowances.

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 919, How Do I Adjust My Tax Withholding, for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 919 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 919 for details.

Nonresident alien. If you are a nonresident alien, see the Instructions for Form 8233 before completing this Form W-4.

Check your withholding. After your Form W-4 takes effect, use Pub. 919 to see how the dollar amount you are having withheld compares to your projected total tax for 2008. See Pub. 919, especially if your earnings exceed $130,000 (Single) or $180,000 (Married).

Personal Allowances Worksheet (Keep for your records.)

A Enter "1" for **yourself** if no one else can claim you as a dependent . . . . . **A** _____

B Enter "1" if:
- You are single and have only one job; or
- You are married, have only one job, and your spouse does not work; or
- Your wages from a second job or your spouse's wages (or the total of both) are $1,500 or less.

. . **B** _____

C Enter "1" for your **spouse.** But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.) . . . . . **C** _____

D Enter number of **dependents** (other than your spouse or yourself) you will claim on your tax return . . . . . **D** _____

E Enter "1" if you will file as **head of household** on your tax return (see conditions under **Head of household** above) . **E** _____

F Enter "1" if you have at least $1,500 of **child or dependent care expenses** for which you plan to claim a credit . . **F** _____
(**Note.** Do **not** include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)

G **Child Tax Credit** (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information.
- If your total income will be less than $58,000 ($86,000 if married), enter "2" for each eligible child.
- If your total income will be between $58,000 and $84,000 ($86,000 and $119,000 if married), enter "1" for each eligible child plus "1" **additional** if you have 4 or more eligible children. **G** _____

H Add lines A through G and enter total here. (**Note.** This may be different from the number of exemptions you claim on your tax return.) ► **H** _____

For accuracy, **complete all worksheets that apply.**
- If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.
- If you have **more than one job** or are **married and you and your spouse both work** and the combined earnings from all jobs exceed $40,000 ($25,000 if married), see the **Two-Earners/Multiple Jobs Worksheet** on page 2 to avoid having too little tax withheld.
- If **neither** of the above situations applies, **stop here** and enter the number from line H on line 5 of Form W-4 below.

Cut here and give Form W-4 to your employer. Keep the top part for your records.

Form **W-4**
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate

► **Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.**

OMB No. 1545-0074
2008

1 Type or print your first name and middle initial.	Last name	**2** Your social security number
Home address (number and street or rural route)	**3** ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate. **Note.** If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.	
City or town, state, and ZIP code	**4** **If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card.** ► ☐	

5 Total number of allowances you are claiming (from line **H** above **or** from the applicable worksheet on page 2) **5** _____

6 Additional amount, if any, you want withheld from each paycheck . . . . . **6** $

7 I claim exemption from withholding for 2008, and I certify that I meet **both** of the following conditions for exemption.
- Last year I had a right to a refund of **all** federal income tax withheld because I had **no** tax liability **and**
- This year I expect a refund of **all** federal income tax withheld because I expect to have **no** tax liability.

If you meet both conditions, write "Exempt" here . . . . . ► **7**

Under penalties of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief, it is true, correct, and complete.

Employee's signature
(Form is not valid unless you sign it.) ► **Date** ►

8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)	**9** Office code (optional)	**10** Employer identification number (EIN)

For Privacy Act and Paperwork Reduction Act Notice, see page 2. Cat. No. 10220Q Form **W-4** (2008)

Revised 08/12/2019

Deductions and Adjustments Worksheet

Note. Use this worksheet *only* if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2008 tax return.

1 Enter an estimate of your 2008 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 2008, you may have to reduce your itemized deductions if your income is over $159,950 ($79,975 if married filing separately). See *Worksheet 2* in Pub. 919 for details.) . . 1 $ _____

2 Enter: { $10,900 if married filing jointly or qualifying widow(er) / $ 8,000 if head of household / $ 5,450 if single or married filing separately } . . . . . 2 $ _____

3 **Subtract** line 2 from line 1. If zero or less, enter "-0-" . . . . . 3 $ _____

4 Enter an estimate of your 2008 adjustments to income, including alimony, deductible IRA contributions, and student loan interest 4 $ _____

5 **Add** lines 3 and 4 and enter the total. (Include any amount for credits from *Worksheet 8* in Pub. 919) . 5 $ _____

6 Enter an estimate of your 2008 nonwage income (such as dividends or interest) . . . . . 6 $ _____

7 **Subtract** line 6 from line 5. If zero or less, enter "-0-" . . . . . 7 $ _____

8 **Divide** the amount on line 7 by $3,500 and enter the result here. Drop any fraction . . . . . 8 _____

9 Enter the number from the **Personal Allowances Worksheet,** line H, page 1 . . . . . 9 _____

10 **Add** lines 8 and 9 and enter the total here. If you plan to use the **Two-Earners/Multiple Jobs Worksheet,** also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4, line 5, page 1 10

Two-Earners/Multiple Jobs Worksheet (See *Two earners or multiple jobs* on page 1.)

Note. Use this worksheet *only* if the instructions under line H on page 1 direct you here.

1 Enter the number from line H, page 1 (or from line 10 above if you used the **Deductions and Adjustments Worksheet**) 1 _____

2 Find the number in **Table 1** below that applies to the **LOWEST** paying job and enter it here. **However,** if you are married filing jointly and wages from the highest paying job are $50,000 or less, do not enter more than "3." . . . . . 2 _____

3 If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4, line 5, page 1. **Do not** use the rest of this worksheet . . . . . 3 _____

Note. If line 1 is *less than* line 2, enter "-0-" on Form W-4, line 5, page 1. Complete lines 4–9 below to calculate the additional withholding amount necessary to avoid a year-end tax bill.

4 Enter the number from line 2 of this worksheet . . . . . 4 _____

5 Enter the number from line 1 of this worksheet . . . . . 5 _____

6 **Subtract** line 5 from line 4 . . . . . 6 _____

7 Find the amount in **Table 2** below that applies to the **HIGHEST** paying job and enter it here . . . . 7 $ _____

8 **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed . . 8 $ _____

9 Divide line 8 by the number of pay periods remaining in 2008. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2007. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck . . . . . 9 $

Table 1

Married Filing Jointly		All Others	
If wages from **LOWEST** paying job are—	Enter on line 2 above	If wages from **LOWEST** paying job are—	Enter on line 2 above
$0 - $4,500	0	$0 - $6,500	0
4,501 - 10,000	1	6,501 - 12,000	1
10,001 - 18,000	2	12,001 - 20,000	2
18,001 - 22,000	3	20,001 - 27,000	3
22,001 - 27,000	4	27,001 - 35,000	4
27,001 - 33,000	5	35,001 - 50,000	5
33,001 - 40,000	6	50,001 - 65,000	6
40,001 - 50,000	7	65,001 - 80,000	7
50,001 - 55,000	8	80,001 - 95,000	8
55,001 - 60,000	9	95,001 - 120,000	9
60,001 - 65,000	10	120,001 and over	10
65,001 - 75,000	11		
75,001 - 100,000	12		
100,001 - 110,000	13		
110,001 - 120,000	14		
120,001 and over	15		

Table 2

Married Filing Jointly		All Others	
If wages from **HIGHEST** paying job are—	Enter on line 7 above	If wages from **HIGHEST** paying job are—	Enter on line 7 above
$0 - $65,000	$530	$0 - $35,000	$530
65,001 - 120,000	880	35,001 - 80,000	880
120,001 - 180,000	980	80,001 - 150,000	980
180,001 - 310,000	1,160	150,001 - 340,000	1,160
310,001 and over	1,230	340,001 and over	1,230

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3402(f)(2)(A) and 6109 and their regulations. Failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing fraudulent information may also subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, to cities, states, and the District of Columbia for use in administering their tax laws, and using it in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.