

**DELAWARE STATE HOUSING AUTHORITY (DSHA)  
DELAWARE FIRST-TIME HOMEBUYER TAX CREDIT (DE Tax Credit)  
Effective May 04, 2020**

This Notice provides a general summary of provisions contained in the Lender Participation Agreement (the “Agreement”) relating to the Delaware First-Time Homebuyer Tax Credit (DE Tax Credit) and is subject to the more detailed provisions set forth in the Agreement. All sections of this Notice should be reviewed carefully by the representatives of any lender considering participating as a Participating Lender (“Lender”).

**Key Information  
Concerning the  
Program**

<b>Program Terms</b>	<b>Terms</b>
Eligibility	Delaware First Time Homebuyer Tax Credits (“DE Tax Credit”) are available to qualified first time homebuyers.
Origination Fee	0.00% if issued in conjunction with any DSHA First Mortgage Product 1.00% if issued as a Stand Alone Product, due with closing package
Tax Certificate Fee	\$350 due with closing package
Term	The DE Tax Credit is a federal income tax credit that can be claimed for the life of the related loan as long as the home remains the borrower’s principal residence.
Tax Credit Rate	35%; up to \$2,000 per tax year
Reservation Period	120 days from Reservation to closing

**Actions by  
Approved  
Lenders**

To be eligible to reserve funds under the Program, all approved Participating Lenders must submit to DSHA annually updated contact information, and advise of any changes (e.g., location address, phone numbers, contact names, etc.) relating to Lender’s originating offices where DE Tax Credit applications may be submitted for processing.

**How to  
Participate if not  
yet Approved**

Lenders who would like to be approved by DSHA to participate in the Program must complete and execute a Lender Participation Agreement, which is available on the DSHA website [www.destatehousing.com](http://www.destatehousing.com), and return it to DSHA. The \$3,000 non-refundable application/ annual participation fee covers both participation as a lender for DSHA’s homeownership loan programs and DE Tax Credit. Current DSHA homeownership loan program lenders do not need to remit fee.

**Program  
Operation\***

Prospective mortgagors submit applications for the DE Tax Credit through Lenders that have been approved by DSHA for participation in the Program.

Lenders reserve funds with DSHA, process and underwrite the related mortgage loans, confirm Program eligibility of the mortgagor and the housing unit being purchased. Closing documents for the Program will be faxed to the Lender or printed via Mitas by the Lender. Lender then closes the related mortgage loan with their own funds, and delivers closed DE Tax Credit Tax closing packages to the Program Administrator for Tax Credit certificate issuance.

**Other Key Dates**

**Compliance Package Delivery Date:** Compliance packages must be received for processing by DSHA at least 3 business days prior to loan closing.

**Reservation Period:** 120 days from reservation to closing.

**Pending Cancellation:** Any reservation that reaches the reservation expiration date will be subject to cancellation. Lenders should cancel “dead” tax credit reservations as soon as possible. DSHA provides several resources to assist Lenders in monitoring and managing their pipeline through the reports section of the Mitas system

**Cancellation:** After 120 days the reservation will be cancelled by DSHA. DSHA will not be obligated to issue DE Tax Credit certificates after cancellation unless the Lender provides the properly executed closing package and a late fee to the Program Administrator.

**Delivery of  
Closing  
Documents**

Once a related mortgage loan has closed, the Lender must deliver the complete closing package for the Delaware First-Time Homebuyer Tax Credit free of defects and have the Tax Credit Certificate delivered by the Program Administrator prior to expiration of the reservation period.

If a certificate is not issued within the original reservation period, the credit will be cancelled by DSHA.

If a lender requires additional time to correct a defective closing package, a \$100 late delivery fee will be assessed. The Program Administrator will collect any late fees due prior to issuing the DE Tax Credit certificate.

**NOTE: Lenders must monitor their pipeline and cancel “dead” reservations through the Mitas**

**online website prior to the reservation expiration date. Lenders who do not cancel “dead” reservations may witness interruption of their program access or be terminated from the program.**

***Borrower Eligibility\****

**First-Time Homebuyers\*:** First-Time Homebuyers are those who have not had an ownership interest in their primary residence at any time during the three-year period ending on the date of the execution of the note for a Mortgage Loan, or those claiming an exemption listed below.

**Income Limits:** Household income limits may not exceed the limits in effect at the time of application based on the county and number of people living in the property.

**Purchase Price Limits:** Purchase price of the subject property may not exceed the limits in effect at the time of application based on county, number of units, and whether or not the property is within a Targeted or Non-Targeted Census Tract.

***Qualified Veterans & Targeted Area Exemptions***

**Qualified Veterans’**, as defined in 38 USC Section 101, residences are exempt from the First-Time Home Buyer requirement, and therefore are eligible to apply for DSHA’s DE Tax Credit. When applying, Qualified Veterans must provide a copy of their Department of Defense (DD) Form 214 demonstrating military discharge or release under conditions other than dishonorable. Please note that the Qualified Veteran does not need to be the applicant nor co-applicant., however the home being purchased must be the primary residence of the Qualified Veteran.

Mortgage loans on residences located in federally designated “Targeted Area” census tracts are exempt from the first-time homebuyer requirement and may qualify for the DE Tax Credit, higher income limits, and higher purchase price limits.

<b><i>Income Limits</i></b>	<b>New Castle County</b>	<b>1-2 person family</b>	<b>3+ person family</b>
	Non-Targeted	\$96,600	\$111,090
	Targeted	\$115,920	\$135,240
	<b>Kent &amp; Sussex Counties</b>	<b>1-2 person family</b>	<b>3+ person family</b>
	Non-Targeted	\$81,900	\$94,185
	Targeted	\$99,280	\$114,660

***Residence Eligibility\****

**Location\*:** All Housing Units must be located within the State of Delaware.

**Configuration\*:** 1 to 4 unit dwellings only. Dwellings may be attached or detached (as in a townhouse, row house, or patio home). Condominiums and 2 to 4 unit dwellings are subject to mortgage insurer’s guidelines.

<b><i>Purchase Price Limits for Single Family Homes</i></b>	<b>Non-Targeted Areas</b>	<b>1 Unit</b>
	New Castle County	\$362,523
	Kent County	\$294,600
	Sussex County	\$306,357
	<b>Targeted Areas</b>	<b>1 Unit</b>
	New Castle County	\$443,084
	Kent County	N/A
	Sussex County	\$374,436

**DE TAX CREDIT FUNDING RESERVATIONS**

***Reservation (Rate Lock) Process\****

DE Tax Credit funds will be available on a first-come, first-served basis through reservation requests submitted to DSHA online at <https://mitas.destatehousing.com>. The ability to reserve loans in the system is available Monday through Friday 9:30 AM to 5:30 PM only<sup>a</sup>. All other Mitas functions are available 24/7. Funds are reserved once a reservation confirmation is obtained through Mitas.

DE Tax Credit certificates must be delivered by the Program Administrator within 120 days from the date of reservation. Reservations that are not completed within this time frame will be cancelled by DSHA.

All DE Tax Credit packages submitted will be assessed a \$350 Application Fee and the Program Administrator will remit fees to DSHA on closing packages received for certificate issuance. In the event that a file is reviewed but not submitted for certificate issuance, \$100 application fee will be invoiced to Lender.

**PROGRAM ADMINISTRATOR**

***Program Administrator*** Hilltop Securities Inc.  
*(Revised Version as of 4/23/2020)*