Notice Posted August 18, 2026

PUBLIC NOTICE
Vermont Housing Financing Agency
2026 Mortgage Credit Certificate Program

This notice is published pursuant to Section 25 of the Internal Revenue Code of 1986 (the "Code") and Treasury Temp. Reg. §1.25-7T.

Vermont Housing Finance Agency (the "Agency" or "VHFA") is proposing to implement a 2026 Mortgage Credit Certificate Program (the "Program") to provide assistance to home buyers purchasing new or existing affordable single family residences in the State of Vermont (the "State"). No sooner than 90 days following the posting of this Notice, the Agency intends to make Mortgage Credit Certificates ("Certificates") available through participating lenders to homebuyers according to the guidelines summarized below.

A Certificate under the Program entitles the borrower to an annual federal income tax credit equal to between 10% and 50% of the annual yearly interest paid or accrued on a qualified mortgage loan; provided however, that if the Certificate credit rate exceeds 20% the annual amount of the tax credit may not exceed $2,000. The amount of the credit may not exceed the homeowner's total tax liability for a specified year, but excess credit may be carried forward for up to three subsequent tax years. Use of a Certificate will reduce the annual deduction for home mortgage interest on the homeowner's federal tax return. A Certificate expires on the date the mortgage loan relating thereto is paid in full or refinanced and is revoked on the date the residence to which it relates ceases to be the taxpayer's primary residence. The Agency reserves the right to adjust the MCC credit rate or make allocations to specific sectors of the housing industry or to conform to market demand or future tax legislation.

Program Requirements.

To be eligible for a Certificate, applicants must (1) Purchase a new or existing single family home in the State; (2) Acquire a new mortgage or home loan (refinancing of an existing mortgage or land contract is not permissible, except for certain construction period and temporary loans or in connection with certain qualified rehabilitation loans); (3) Continuously occupy the home within 60 days of its purchase; (4) Purchase a home which has a total cost that does not exceed the maximum purchase price limits as established by the Agency (which currently range from $450,000 to $500,000, depending on location and number of units); (5) Have a household income, including all household members eighteen years or older, that does not exceed the maximum household incomes as established by the Agency (which will range from $110,000 to $125,000 for one or two person families, and from $128,000 to $145,000 for three or more person families, depending on location); and (6) Not have had an ownership interest in a principal residence within the preceding three years (except for qualified homebuyers purchasing homes in federally designated Targeted Areas or for certain veterans).

"Targeted Areas" currently include: Caledonia, Essex, Franklin, Lamoille, Orange, Orleans, Rutland, Washington, and Windham Counties.

Complete eligible income tables and purchase price tables relating to the Program are posted on the Agency's web site (www.vhfa.org). The Agency reserves the right to adjust the purchase price and income limits for the Program to reflect changes in federal guidelines, housing market conditions, and other factors.

All or a portion of the Program may be reserved for use in particular developments.

Current federal tax law may require a payment to the federal government of a "recapture" tax if the homeowner sells or otherwise transfers his or her home to someone else within nine years after the MCC is issued and if the homeowner's income had substantially increased during this period.

The Agency reserves the right to adjust, modify or amend the Program requirements and guidelines at its sole discretion and without further notice.

Method by which Certificates will be issued under the Program.

Until the total credit amount for the Program is exhausted, a qualifying homebuyer may apply for a Certifiate through a participating lender at the time of loan application. The opportunity to participate will be open to any lender. A list of currently participating lenders will be posted on the Agency's web site (www.vhfa.org) upon implementation of the Program. An applicant may also obtain a loan from a lender not on such list if the lender agrees to participate in the Program. The taxpayer must meet the credit and underwriting criteria established by the participating lender providing the mortgage loan. Certificate applications will be accepted on a first-come, first served basis; however, during the first year of the Program, at least 20% of the Certificate authority will be reserved for persons purchasing single-family homes in Targeted Areas.

Certificates cannot be used with any mortgage loans subsidized by mortgage revenue bonds or other tax-exempt obligations.

Taxpayers must be qualified for a Certificate under the Code and the regulations, rulings and interpretations issued by the Internal Revenue Service which shall control in the event of a conflict with other requirements.

The applicant must sign all documents and affidavits which are needed to demonstrate eligibility for a Certificate, and the regulations, rulings and interpretations issued by the Internal Revenue Service shall control in the event of a conflict with other requirements.

Fees.

Each applicant will be charged a processing fee equal as determined by the Agency, in addition to other normal loan charges.

Lenders Invited to Participate in the Program.

Banks, savings and loan associations, mortgage companies and other financing institutions and individuals are invited to participate as lenders. Any lender who wishes to participate will be required to sign a Lender Participation Agreement, which outlines the lender's loan review and reporting responsibilities, and pay to the Agency such fee or fees as the Agency may require. A list of participating lenders will be posted on the Agency's web site (www.vhfa.org) upon implementation of the Program. There is no allocation of Certificates by lender.

Further Information.

For further information, email Vermont Housing Finance Agency at Homeownershipdept@vhfa.org or phone 1-802-864-5743.