



# HISTORIC REVITALIZATION TAX CREDIT



SMALL COMMERCIAL  
APPLICATION  
INSTRUCTIONS

# TABLE OF CONTENTS

*Maryland's Historic Revitalization Tax Credit provides funds in the form of an income tax credit for repair or renovation work on eligible historic small commercial projects. This document provides instructions for completing each part of the three-part small commercial tax credit application. The Maryland Historical Trust (MHT) oversees the certification of historic structures and rehabilitation projects, and the awarding of tax credits.*

- [1 ABOUT THE APPLICATION](#)
  
- [3 ELECTRONIC SUBMISSION PROCESS](#)
  
- [4 PART 1 – EVALUATION OF SIGNIFICANCE](#)
  
- [10 PART 2 – DESCRIPTION OF REHABILITATION](#)
  
- [14 AMENDMENTS](#)
  
- [16 PART 3 – REQUEST FOR CERTIFICATION OF COMPLETED WORK](#)
  
- [20 CLAIMING THE CREDIT & CREDIT RECAPTURE](#)
  
- [20 PHOTOGRAPHIC REQUIREMENTS](#)
  
- [23 FILE NAMING CONVENTIONS](#)



# ABOUT THE APPLICATION



*The small commercial tax credit includes a three-part application process. The Part 1 application allows MHT to determine whether a property is qualified as a certified historic structure. The Part 2 application is for MHT to evaluate whether the property owner's proposed rehabilitation work meets applicable rehabilitation standards and thus is eligible for the credit. Lastly, the Part 3 application certifies that the rehabilitation work was completed as approved by MHT in Part 2 and verifies expenses.*

Part 1 and Part 2 applications may be submitted separately and at any time, although submitting Parts 1 and 2 together will expedite review. Part 1 must be submitted before Part 2 because Part 2 cannot be processed until the building is certified as a historic structure.

MHT approval of applications and amendments to applications is conveyed in writing by authorized MHT officials. MHT certification decisions are based on descriptions in application forms. If a discrepancy occurs between an application form and other submitted materials (architectural plans, photographs, drawings, or specifications), the application forms shall take precedence. Originals or copies of

photographs, architectural plans, drawings, and other materials submitted with an application become the property of MHT and may be reproduced without permission. The applicant is responsible for complying with all federal, state, and local laws applicable to a project, including, but not limited to, compliance with local zoning, building, and safety codes; review by local historic preservation commissions; and compliance with applicable federal, state, and local licensing, permitting, and environmental requirements. To qualify for the tax credit, property owners must complete the Small Commercial Application and the Small Commercial Application Checklists.

# HISTORIC PRESERVATION CERTIFICATIONS

STATE INCOME TAX CREDITS ARE AVAILABLE FOR A “CERTIFIED REHABILITATION” OF A “CERTIFIED HISTORIC STRUCTURE.”

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A certified rehabilitation is restoration, repair, or rehabilitation work undertaken on a certified historic structure:

- Within a 24-month period (selected by the property owner), once approval for the work has been granted by MHT;
- Where qualified expenditures exceed \$5,000 but do not exceed \$500,000, not including expenses that are funded or reimbursed by state or local grants, other Maryland tax credits or state or local financial assistance other than a loan;
- That is in compliance with a rehabilitation plan (see Part 2) that has been approved by MHT; and
- Conforms with the Secretary of the Interior’s Standards for Rehabilitation.

A certified small commercial historic structure is one of the following:

- Primarily used for commercial income producing purposes;
- Rehabilitated as part of a development project to be sold to a homeowner; or
- Meets the “Targeted Project” criteria as an agricultural building or post-WWII building;

AND has at least one of the following designations:

- Individually listed in the [National Register of Historic Places](#);
- A contributing resource within a National Register Historic District;
- A locally designated structure or contributing resource to a local historic district that MHT determines to be eligible for the National Register; or
- A structure located in a certified heritage area and certified by the Maryland Heritage Areas Authority as contributing to the significance of the certified heritage area.



# COMPLETING THE APPLICATION



Illegible or incomplete applications will be returned to the applicant. In cases where adequate documentation is not provided, review and evaluation cannot be completed, and the application will be put on hold until adequate documentation is submitted. You must save and upload the completed application form and materials according to MHT's File Naming Conventions (see [page 23](#)). Be sure to save a copy for your records. Applications may not be submitted by email.

## ELECTRONIC APPLICATION SUBMISSION PROCESS

MHT uses Microsoft Teams to receive application materials and transmit application approvals. External users will not need a Microsoft account to access Teams, although a valid email address is required. Complete electronic application submission requirements can be found on MHT's website.

In order to request a Microsoft Teams channel and submit the application materials, you must complete this form: [Channel Request Form](#). Once this form is submitted, MHT staff will review the request. Channel requests may take between one to three business days to process. If MHT staff have questions about the channel request, they will contact the applicant by email. If the request is approved, MHT staff will create a private channel within the current fiscal year Small Commercial Team (e.g., 2024 Small Commercial). The channel will be named by the property name and/or address.

This private channel will be used by the applicant/project team to upload all application materials according to MHT's File Naming Conventions. To add application materials, within the "File" tab of the channel, click the "Upload" button and then select the appropriate files. Once the complete application form(s), photographs, and supporting documentation are added to the channel, you MUST email [mht.taxcredits@maryland.gov](mailto:mht.taxcredits@maryland.gov) to inform MHT staff.

Once MHT staff confirms receipt of an electronic application in the applicant's private Teams channel, staff will send the applicant an invoice for the \$10 Part 2 review fee if applicable. Payment is due within 10 business days, which is required in order for the project to be placed in the review queue.

# PART 1 – EVALUATION OF SIGNIFICANCE



Part 1 of the Tax Credit Application is used to determine whether a property is a “certified historic structure” (see [page 2](#)). Owners of properties that are individually listed in the National Register of Historic Places do not need to complete Part 1. For verification of National Register listing, contact MHT staff or visit [Medusa](#) and search by your property address or historic district name. National Register properties will have a purple boundary line.

To determine if a structure contributes to the significance of a listed or designated historic district, MHT will apply the Secretary of the Interior’s Criteria for Evaluating Significance within Registered Historic Districts.

## CRITERIA FOR EVALUATING SIGNIFICANCE

A structure contributes to the historic significance of a district if its location, design, setting, materials, workmanship, feeling, and association add to the district’s sense of time, place, and historical development.

A structure does not contribute to the historic significance of a district if it does not add to the district’s sense of time, place, and historical development; or if its location, design, setting, materials, workmanship, feeling, or association have been so altered or deteriorated that the overall integrity of the property has been irretrievably lost.

Ordinarily, a structure built within the past 50 years may not be considered to contribute to the significance of a district, unless a strong justification concerning its historical or architectural merit is given or the historic attributes of the district are considered to be less than 50 years old.

Based on documentation provided in Part 1, MHT may issue a certification of non-significance. Certification of non-significance is a judgment that a structure does not contribute to the significance of a National Register or local district, a certified heritage area, or to a group of structures individually listed in the National Register or under local law, and therefore is not eligible to receive a tax credit under this state program.

Any substantial damage or alteration to a property that occurs after certification under Part 1 and prior to completion and certification under Part 3 must be reported promptly to MHT. Part 1 certifications are valid for five years, after which a new Part 1 must be submitted for any subsequent rehabilitations of the same structure.

### COMPLETING PART 1 -- APPLICATION FORM

The first page must be completely filled out and bear an acceptable electronic signature of at least one property owner (additional owners do not need to sign the Part 1 form). If the applicant is not the fee-simple owner of the property, the application must include a written statement from the owner that they are aware of the application and have no objection to the request for certification. MHT will accept scans of applications with an original signature, scanned versions of an original signature, and digital signatures using a digital ID (such as those in Adobe). Pictures of signed forms will not be accepted. A typed name in a different font or other types of generated text meant to look like a signature will not be accepted.

**Accepted types of electronic signatures (e-signatures) are:**

<p>g of "owner" set forth in 36 CFR § 67.2 (2011), and/or the fee simple owner is aware of the action I am taking relative to this of which (i) either is attached to this application form and incorporates § 67.3(a)(1) (2011).          I understand that knowing and willful falsification of 36 C.F.R. § 1001, which, under certain circumstances, provides for imprisonment.</p> <p>Signature (Sign in ink) <u>Matilda J. Baker</u> Date: _____</p>	<p>g of "owner" set forth in 36 CFR § 67.2 (2011), and/or the fee simple owner is aware of the action I am taking relative to this of which (i) either is attached to this application form and incorporates § 67.3(a)(1) (2011).          I understand that knowing and willful falsification of 36 C.F.R. § 1001, which, under certain circumstances, provides for imprisonment.</p> <p>Signature (Sign in ink) <u>Matilda J. Baker</u> Date: _____</p>
<p><i>Scanned PDFs of actual, original wet-signed application cover sheets</i></p>	<p><i>Scanned or digitized versions of actual, original handwritten signatures</i></p>
<p>of which (i) either is attached to this application form and incorporates § 67.3(a)(1) (2011).          I understand that knowing and willful falsification of 36 C.F.R. § 1001, which, under certain circumstances, provides for imprisonment.</p> <p>Signature <u>Matilda J. Baker</u> Date: 2023.06.25 13:10:41 -07'00'</p>	<p><del>g of "owner" set forth in 36 CFR § 67.2 (2011), and/or the fee simple owner is aware of the action I am taking relative to this of which (i) either is attached to this application form and incorporates § 67.3(a)(1) (2011).          I understand that knowing and willful falsification of 36 C.F.R. § 1001, which, under certain circumstances, provides for imprisonment.</del></p> <p>Signature (Sign in ink) <u>Matilda J. Baker</u> Date: _____</p>
<p><i>Digital signatures using a digital ID (e.g., using Adobe software), that include a digitally signed stamp.</i></p>	<p><i>A typed name in a different font and other types of generated signature images are <b>not</b> accepted.</i></p>

MHT will notify applicants of incomplete applications with missing information or those lacking an acceptable electronic signature and will place them on hold for 30 days until completed. After that, the application, if not completed, will be returned to the applicant without review or denied.

You must check on the form that the property has at least one of the following designations:

- National Register historic district
- National Register individual listing
- Local historic district
- Local individual listing
- Pending National Register or local designation (individual or district)
- Eligible property within a Certified Maryland Heritage Area (must submit documentation from the Maryland Heritage Area Authority justifying eligibility)

Include the name of the historic district or Certified Heritage Area. Properties that are in historic districts must be certified by MHT to be contributing resources, as explained above. Properties that are in Certified Heritage Areas must be certified by the Maryland Heritage Areas Authority (MHAA) as being contributing resources to the Heritage Area. Documentation of the MHAA certification must be submitted with the Part 1 application.

For local listings, a certification request must include a copy of the official local designation notification letter and any documentation that justifies the designation so MHT can determine whether the property is eligible for listing in the National Register. If submitting as a pending National Register district or individual listing, applicants must include a copy of the draft nomination.

## **TARGETED STRUCTURES**

If your property meets the definition of one of the following, you must check the applicable targeted structures box:

- Agricultural structure means a certified historic structure that is used or ever was used to directly contribute to the production, conversion, processing, storage, sale, or management of agricultural products such as livestock, horses, poultry, crops, trees, shrubs, plants, and other vegetation, or aquaculture.
- Post-WWII structure means a building that was constructed between December 31, 1944 and January 1, 1970.

## DESCRIPTION OF PHYSICAL APPEARANCE

Provide information about the current condition of the home's major exterior and interior features. Note the architectural style, exterior construction materials (wood, brick, etc.), type of roof (flat, gabled, hipped, etc.), number of stories, basic plan (rectangular, irregular, L-shaped, etc.), and distinguishing architectural features.

Fully describe any changes made to the home since its construction, such as additions, porch enclosures, relocation of doors and windows, or interior alterations. Include a full description of other structures located on the property such as carriage houses, barns, and sheds. (See Special Considerations: Multiple Structures on [page 9](#).) In most instances detailed research should not be necessary to provide an adequate description.

Example: This two-story, gable-roofed, unpainted brick house, rectangular in shape, was constructed in 1921. It features regularly spaced window openings on the first and second floors, 6-over-6 double-hung sash windows and a columned entry portico. On the interior, the first floor is divided by a hall with a staircase and living and dining rooms on either side. The kitchen and butler's pantry are located in the rear. The second floor contains four bedrooms and two bathrooms. There is a garage at the rear of the property that was built at the same time as the house.

## STATEMENT OF SIGNIFICANCE

If the home is located within a historic district, briefly describe the way in which it relates to buildings in the district in terms of setting, scale, material, construction, and age. Note any important people associated with the home, its former uses, or the name of the architect or builder, if known. Again, detailed research should not be necessary.

Example: The district is an intact grouping of architecturally significant late 19th and early 20th century brick row houses. This building is a traditional row house featuring flat brick facades with refined decoration at the doors, windows, and cornice. The structure is similar to its neighbors in size, scale, building materials, and style.

## **ATTACHMENTS**

### *Photographs*

Interior and exterior photos showing the entire property before rehabilitation, including those areas where no work is anticipated, must be submitted with the application. (See Photographic Requirements on [page 20](#) for instructions on preparing and labeling photographs.)

### *Historic District Map*

If located in a local historic district, provide an official historic district map defining the boundaries of the historic district, and mark where the structure is located. Maps of locally designated historic districts are available from your local historic district commission or government. Individual National Register designated properties do not need to submit a map.

### *Fees*

There is no fee for processing a Part 1 application.

### *Mandatory Application Checklist*

Complete, date, and sign the Part 1 Small Commercial Application Checklist and submit it with the application. Applications submitted without a signed checklist will not be accepted.

## **SPECIAL CONSIDERATIONS**

If the property falls into one of the following categories, additional information may be necessary. Provide this information with the Part 1 materials to avoid processing delays.

### *Moved Structures*

If a building has been moved from the site of its original construction, or is intended to be moved, a Part 1 application must provide additional information establishing the:

- Effect of the move of the structure's appearance (any proposed demolition, change to the foundation, etc.);
- Setting and general environment of the new or proposed site;
- Effect of the move on the distinctive historic and visual character of the district or neighborhood to which the structure was or will be moved; and
- Method of moving the structure.

Documentation must also include photos showing the current and previous (or proposed) environments, including adjacent structures and streetscapes.



### *Properties Less Than 50 Years Old*

Properties less than 50 years old are generally not considered as contributing to the significance of a National Register or local district. However, such homes may be certified historic structures if: (1) they are integral parts of an eligible historic district and the historic attributes of the district are less than 50 years old, or (2) they are exceptionally significant. If this consideration applies, provide documentation relevant to establishing one or both conditions.

### *Multiple Structures*

Functionally and historically related structures on a single property, such as a residence and a carriage house, will be considered a single structure under a Part 1 application. Thus, only one Part 1 application needs to be submitted. However, documentation, including photos and a statement of significance, must be included for every structure impacted by a contemplated rehabilitation project, and the applicant should state which structures the applicant is submitting for certification as a historic structure. A sketch map or site plan should be provided showing the current relationship of all structures.

If structures are under separate ownership, each owner must submit a separate Part 1 application.

# PART 2 – DESCRIPTION OF REHABILITATION WORK



A Part 2 rehabilitation plan must be approved, and the application certified by MHT prior to the commencement of any of the contemplated rehabilitation work. If a project is considered substantially started by MHT prior to approval, the project will be ineligible for the small commercial tax credit program.

Proposed rehabilitation projects are evaluated for conformance with the Secretary of the Interior's Standards for Rehabilitation. These 10 standards are broadly worded to guide the repair, restoration, or rehabilitation of all historic structures. The Standards focus on preservation of significant historic materials and features of structures and apply to both interior and exterior work.

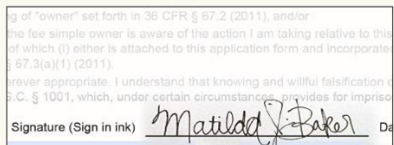
MHT reviews a rehabilitation project in context with all work proposed for the property, including if there is to be any attached or related new construction. Certification is based upon whether the overall project is consistent with the Standards.

Upon review, MHT will notify an applicant in writing whether the proposed rehabilitation project is consistent with the Standards. If inconsistent, MHT will, to the extent practicable, advise the applicant how the plans might be revised to achieve conformity.

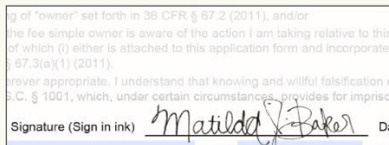
## **COMPLETING PART 2 -- APPLICATION FORM**

The first page must be completely filled out and bear an acceptable electronic signature of at least one property owner. If the applicant is not the fee-simple owner of the property, the application must include a written statement from the owner that they are aware of the application and have no objection to the request for certification. MHT will accept scans of applications with an original signature, scanned versions of an original signature, and digital signatures using a digital ID (such as those in Adobe). Pictures of signed forms will not be accepted. A typed name in a different font or other types of generated text meant to look like a signature will not be accepted.

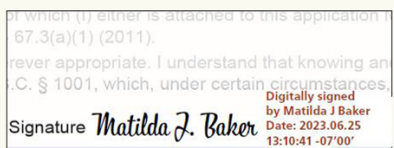
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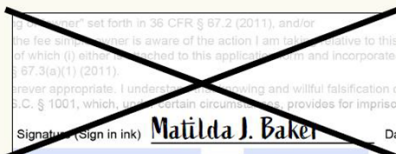
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MHT will notify applicants of incomplete applications with missing information or those lacking an acceptable electronic signature and will place them on hold for 30 days until completed. After that, the application, if not completed, will be returned to the applicant without review or denied.

**ESTIMATED QUALIFIED REHABILITATION EXPENDITURES (QRE)**

QRE are eligible expenditures, up to \$250,000, such as:

- Roof repair and replacement
- Chimney repair and lining
- Window restoration
- New storm doors/windows
- Masonry repointing
- Floor refinishing
- Structural repairs
- Plumbing, electrical, and mechanical systems
- Architectural/engineering/consulting fees
- Tool/equipment rental
- Repair of historic outbuildings

Ineligible expenses include:

- Landscaping
- Sidewalks, patios, driveways
- Non-historic outbuildings
- Appliances
- New construction
- Carpeting over historic flooring
- Curtains, blinds, rugs, or other interior décor
- Tool/equipment purchases
- Work that is primarily remodeling in nature
- Pest control, chimney cleaning, drain cleaning, etc.

Ineligible expenses must be subtracted from expenditure calculations for the estimated and final QRE. Insurance reimbursements, state/local grants, and other state tax credits must be subtracted. Federal funding, such as federal energy tax credits and local historic property tax credits, do not need to be subtracted.

## OPPORTUNITY ZONES

All projects requesting Opportunity Zone funding must submit a map of the Qualified Opportunity Zone with the property location clearly marked. Maps for Opportunity Zones can be found on the [Maryland Department of Housing and Community Development's \(DHCD\) website](#).

You must elect to seek the additional credit at the time of the Part 2 application. The additional credit must be listed on your Initial Credit Certificate to claim it on the Part 3 if all other requirements are met. Additional information will be required for final verification and certification of the Part 3. See [pages 18 & 19](#) for required information for MHT's review. You must verify that the business meets all qualifications as outlined by DHCD.

## DETAILED DESCRIPTION OF REHABILITATION WORK

Describe all work to be undertaken on the property, not just the work for which the tax credit will be sought. Describe site work, exterior work, any new construction, and proposed interior work.

Each feature for which work is proposed should be addressed in a separately numbered work item in the application, as provided. First, describe the current condition of the feature. Second, describe the proposed work and impact. Reference by number relevant photographs or drawings where applicable.

### EXAMPLES OF REHABILITATION DESCRIPTION

Num. 1 Architectural feature: façade brick Approx. date: 1920

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Describe existing feature and its condition:

Hard pressed red brick with butter joints in good condition. Mortar mostly sound but deteriorated and missing around downspouts at east-end façade.

Photos: 3, 6

Drawings: n/a

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Describe work and impact on existing feature:

Will selectively hand clean deteriorated joints and repoint with mortar and joint width to match existing (see mortar specifications).

## **ATTACHMENTS**

### *Photographs*

Interior and exterior photos must be submitted showing the entire property before rehabilitation, including areas where no work is contemplated. (See Photographic Requirements on [page 20](#) for instructions on preparing and labeling photographs.)

### *Drawings or Sketches*

Submit drawings or sketches to show all proposed alterations (such as moving a wall) and new construction. Drawings/sketches must show existing configurations and anticipated changes. Include floor plans and, where necessary, sections and elevations. All drawings and sketches submitted with the application should be numbered and correlated to the application narrative.

### *Specifications*

In some cases, you may need to attach a product manufacturer's cut sheet or specifications for items such as windows, doors, or roofing material.

### *Fees*

Once MHT staff confirms receipt of an electronic application, staff will send the applicant an invoice for the \$10 Part 2 review fee. Payment is due within 10 business days, which is required in order for the project to be placed in the review queue. MHT's review of the Part 2 application cannot begin until the fee has been paid.

For projects that are awarded the credit, an additional fee equal to 3% of the anticipated credit amount (minus the initial \$10 fee) must be paid within 90 days. MHT will notify applicants in writing of an awarded project and the additional fee due.

### *Mandatory Application Checklist*

Complete, date, and sign the Part 2 Homeowner Application Checklist and submit it with the application. Applications without a submitted and signed checklist will not be accepted.

### *Notice of MHT Determination*

Notice of approval or denial of a Part 2 application will be made in writing to the applicant by MHT. If the Part 2 application is certified, an Initial Credit Certificate will also be issued. This will indicate the maximum credit that is being reserved for the project and can be claimed at the Part 3 application.

# AMENDMENTS

*If a change must be made to a scope of work approved by MHT under Part 2, the applicant may request approval for the change by submitting an Amendment form. The Amendment form is a separate form available for download on the MHT website. Photographs, drawings, and specifications should be attached as needed, and any proposed changes must be reviewed and approved by MHT prior to commencing work. Amendment forms can only change the scope of work for a project and cannot change the estimated QRE.*

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## SPECIAL REHABILITATION CONCERNS

Each historic structure is unique, and therefore rehabilitation projects often involve areas of special concern that MHT must review and evaluate in considering qualification for a tax credit. For technical assistance in preparing a rehabilitation project, see [“Interpreting the Standards.”](#) Homeowners should pay particular attention when undertaking any work in any of the areas described below.

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## NEW HVAC SYSTEMS

Indicate the impact that new heating, ventilation, and air conditioning (HVAC) equipment and ductwork will have on historic building materials. Installation of systems that cause damage to the historic materials or visible loss of character may not be certified.

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## NEW ADDITIONS AND NEW CONSTRUCTION

New exterior additions may alter the appearance and form of historic structures and may not be certified. Similarly, new construction, including site work, may change the relationship of a structure to its site, alter the historic landscape, or otherwise damage the historic character of the property or the district. Applicants are strongly encouraged to plan additions that are compatible with the historic materials, features, size, scale, and massing of the property and its environment.



## **REPLACEMENT WINDOWS**

Owners are strongly encouraged to retain and repair historic windows. Indicate the condition of existing windows (sash, glazing, muntins, etc.) and the reasons for considering replacement. Detailed photographs must be provided to document deterioration. Where replacement of existing windows appears justified by supporting documentation, the replacement sash should match the original in material, size, pane configuration, trim details, and planar and reflective qualities.

Provide scaled drawings comparing the existing windows to the replacement windows. Where historic windows are missing or have been inappropriately replaced, new windows must be of a style appropriate to the period of significance of the historic building or district. New windows may be based on historic documentation (e.g., historic photos or photos of other buildings of the same period). The use of replacement windows that change the building's character may result in denial of certification.

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## **INTERIOR PARTITION ALTERATION AND PLASTER REMOVAL**

Indicate the existing interior condition, document with photographs, and identify walls that are to be altered or removed. Owners are strongly discouraged from changing floor plans unnecessarily, removing repairable historic plaster, or exposing masonry surfaces, unless the change is supported by historical evidence.

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## **EXTERIOR MASONRY REPAIR**

Indicate deteriorated areas that require repair and provide evidence that repointed mortar will match the original in composition (e.g., ratio of lime, cement, sand, and any additives), color, texture, and tooling. Owners are encouraged to only repoint those portions of masonry that require repair.

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## **REMODELING ONLY**

Projects that involve exclusively cosmetic repairs to otherwise functional or non-historic spaces like kitchens and bathrooms may not be eligible.

# PART 3 – CERTIFICATION OF COMPLETED WORK

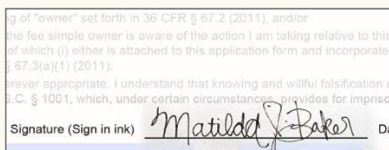


A rehabilitation project is not eligible for the Historic Revitalization Tax Credit until it is certified by MHT. Upon completion of the rehabilitation, the owner must submit a Part 3 application with required documentation. Completed projects may be inspected by an MHT representative to determine if the completed work meets the Secretary of the Interior’s Standards for Rehabilitation.

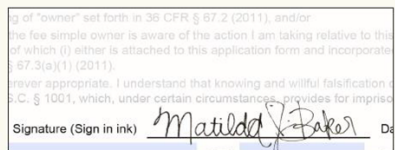
## COMPLETING PART 3 -- APPLICATION FORM

The first page must be completely filled out and bear an acceptable electronic signature and social security numbers of all owners. Use additional space on page 2, if necessary. MHT will accept scans of applications with an original signature, scanned versions of an original signature, and digital signatures using a digital ID (such as those in Adobe). Pictures of signed forms will not be accepted. A typed name in a different font or other types of generated text meant to look like a signature will not be accepted.

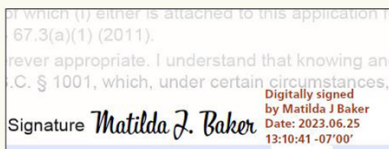
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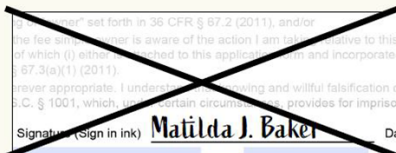
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### **PENDING LISTING**

If the Part 1 certification request was for a pending National Register listing or local designation, provide verification of the final listing or designation. Verification may include a copy of the letter from the National Register of Historic Places or the local government confirming that the property, or the district within which the property is located, has been listed/designated.

### **PROJECT TIMELINE**

Provide the dates (MM/DD/YYYY) when the project started and was completed. Only expenditures incurred within a 24-month period may qualify for the tax credit. The start of the 24-month period is typically the project start date or the date of payment for pre-rehabilitation “soft” costs (e.g., consultant fees, architectural fees, deposits, etc.).

### **ACCOUNTING OF ITEMIZED EXPENSES**

For projects with Qualified Rehabilitation Expenditures of \$100,000 or less, a written accounting of all project expenses, organized chronologically and with supporting documentation, must be submitted with your Part 3 application. MHT strongly recommends that, to facilitate our review of your application, you should use the Part 3 Itemized Expense Sheet provided on our website. This spreadsheet must be filled out according to the Part 3 Itemized Expense Sheet Instructions, with eligible and ineligible expenses clearly delineated. For each item on the spreadsheet, you must include (1) a copy of the invoice or receipt, showing which goods or services were purchased, and (2) certifiable proof of payment, which may consist of one of the following:

1. A dated credit card receipt
2. A cancelled check
3. A bank statement showing the check number, date, payee name, and amount
4. A signed statement from the contractor or vendor stating: (1) the amount paid (stipulating in cash), (2) services rendered/materials purchased, and (3) date of payment. An invoice simply marked “PAID” or \$0 balance is not sufficient. This will only be accepted for payments made in cash.

Please submit copies of the proof of payment with sensitive information and account numbers redacted or blacked out for security purposes.

The Part 3 Itemized Expense Sheet Instructions contain an example spreadsheet that shows how your expenses must be broken down and itemized for the purposes of calculating your qualified rehabilitation expenditures for the tax credit program. The instructions and a blank spreadsheet for you to fill out can be downloaded from MHT’s website.

For projects with Qualified Rehabilitation Expenditures that exceed \$100,000, expenses must be certified in a report from an independent Certified Public Accountant summarizing their examination of the Schedule of Rehabilitation Costs and Calculation of Qualified Rehabilitation Expenditures. This examination must be conducted in accordance with attestation standards by the American Institute of Certified Public Accountants. Attach supporting schedules and calculation to the report.

### **CALCULATION OF QRE**

The Part 3 Itemized Expense Sheet Instructions will guide you in filling out the spreadsheet and calculating your QRE. The spreadsheet allows you to break down all expenditures into eligible costs, ineligible costs, and (in the case of mixed-use properties) calculate eligible shared costs. Ineligible funding sources, such as insurance reimbursement funds, are then subtracted from the total eligible costs to arrive at the QRE for the project, 20% of which, up to a maximum of \$50,000, is the tax credit for the project.

### **ADDITIONAL CREDITS FOR OPPORTUNITY ZONE TAX CREDITS**

To qualify for an additional 5% credit as a “Level 1 Opportunity Zone Project,” the project must be completed by a Qualified Opportunity Zone Business and the application must:

1. Identify the date and the amount of the Qualified Opportunity Fund’s investment in the Opportunity Zone;
2. State the total project or business investment, including any leverage;
3. Identify the address and census tract of the Qualified Opportunity Zone Business and the Qualified Opportunity Fund;
4. Identify the North American Industrial Classification System Code for the Qualified Opportunity Zone Business;
5. Include an impact report on the project, including both qualitative and quantitative data on the Qualified Opportunity Fund’s investment in the Opportunity Zone Project and its progress; and
6. Include any other information requested by the Director.

To qualify for an additional 7.5% credit as a “Level 2 Opportunity Zone Project,” the project must be completed by a Qualified Opportunity Zone Business and the application must:

1. Include all information required for the Level 1 Opportunity Zone Project additional credit (listed above);
2. Demonstrate that:
  - a. Accountability to residents of the communities within the Qualified Opportunity Zone is maintained through representation on any governing or advisory board of the Qualified Opportunity Zone Business; or
  - b. A Community Benefits Agreement has been negotiated and agreed to by and between the Qualified Opportunity Zone Business and community groups or strategic industry partnerships, as identified under §11-701 of the Labor and Employment Article, Code of Maryland, within the Qualified Opportunity Zone that specifies a range of community benefits that the Qualified Opportunity Zone Business agrees to provide as part of the development project; and
3. Include for an Opportunity Zone Project:
  - a. Located within a municipal corporation, a resolution or letter of the municipal corporation delivered to the Director by the municipal corporation’s authorized designee that demonstrates approval of the provision within the municipal corporation of the Historic Revitalization Tax Credit; or
  - b. Not located within a municipal corporation, a resolution or letter of the County delivered to the Director by the County’s authorized designee that demonstrates approval of the provision within the municipal corporation of the Historic Revitalization Tax Credit.

## **ATTACHMENTS**

### *Photographs*

Interior and exterior photographs must be submitted showing the entire property after completion of the rehabilitation, including those areas where no work was undertaken. Photographs must be current to when the application is being submitted. MHT will not accept photographs older than 90 days of when the application was received. (See Photographic Requirements on [page 20](#) for instructions on preparing and labeling photographs.)

### *Mandatory Application Checklist*

Complete, date, and sign the Part 3 Homeowner Application Checklist and submit it with the application. Applications without a submitted and signed checklist will not be accepted.

### *Claiming the Credit*

Applicants must claim the credit for the taxable year in which the rehabilitation project was completed. [Maryland tax form 502S](#) must be completed and submitted with your state income tax return along with the approved MHT Certification Application (Part 3).

### **CREDIT RECAPTURE**

If disqualifying work is undertaken on the property within five years of claiming the credit, a portion of the credit must be recaptured as follows.

<b>Year Since Credit Claimed</b>	<b>Credit Recapture Percentage</b>
1	100%
2	80%
3	60%
4	40%
5	20%
6+	0%

### **PHOTOGRAPHIC REQUIREMENTS**

The following photographic requirements must be followed.

#### *Part 1*

Include photographs of the building site and immediate surroundings (e.g., landscaping), all sides of the building, all major interior spaces and features, and representative secondary spaces (e.g., basements or bathrooms). Sides that are partially blocked by adjacent structures or trees may require photographs taken from several different angles or locations for complete documentation. Photographs of interior spaces should be taken with a wide angle from diagonally opposite corners of the room.



This baseline photo documentation is necessary for MHT to evaluate the historic and/or architectural significance of a structure and the effect of proposed changes on the structure's significance. It also enables MHT to verify that no additional work is completed without prior review and approval. MHT must approve all work on the property. Insufficient photo documentation of exterior or interior features may delay assessment or result in a denial. MHT will not accept photographs more than 90 days old at the time the application is received. The date of the photograph must be the date on which the photograph was taken.

MHT will not accept photographs from real estate listings, or video recordings.

### *Part 2*

If submitting Parts 1 and 2 together, only one set of baseline photographs is necessary. However, if an applicant was not required to submit Part 1 (applies to individually listed National Register properties or if a Part 1 was certified within the past five years), baseline photo documentation is required as part of the Part 2 application.

In addition to the Part 1 baseline photographs, Part 2 applications must include photographs of areas of proposed work. Detailed close-up photographs of architectural features affected by the proposed rehabilitation, such as windows, doors, balustrades, trim, etc., may be needed. In some cases, it may be helpful to mark directly on the photographs the areas of proposed work. Submitted representative photographs of multiple features, such as windows, is sometimes acceptable, provided that the photographs adequately capture conditions throughout the structure.

MHT will not accept photographs from real estate listings, or video recordings.

### *Part 3*

Photographs taken of the completed rehabilitation should depict the same views as the pre-rehabilitation photographs submitted with the Parts 1 and 2, including for those areas where no work was undertaken. A side-by-side comparison of the pre-rehabilitation and post-rehabilitation photographs is part of MHT's certification assessment. MHT will not accept photographs more than 90 days old at the time the application is received. The date of the photograph must be the date on which the photograph was taken.

MHT will not accept photographs from real estate listings, or video recordings.

### *Labeling/Naming of Photographs*

Photos should be contained in a separate PDF file with no more than two photos per page, and with a minimum photo size of 4" x 6" per photo. The property name (if applicable), address, date of photo(s), and application part (i.e., Part 1, Part 2, Part 3, Amendment) must be listed at the top of each page. The photo number and caption must be listed under each photo.

Photographs should be keyed to the application narrative where appropriate.

For example:

100 Community Place, Crownsville  
Part 1, July 2023



1. Main Entrance

Alternatively, MHT will accept individual photo files limited to no more than 20 JPEG files per submission. Only the JPEG file format will be accepted. Individual photo files must be saved within their own folder and named according to the Photo Naming Conventions.

## PHOTO NAMING CONVENTIONS

- Photos (PDF document) prior to MHT project number being assigned:  
**ApplicationPart\_Photos\_HistoricPropertyName or PropertyAddress\_City**
  - E.g., Part1\_Photos\_XYZHouse\_Denton
  - E.g., Part2\_Photos\_123MainSt\_Baltimore
- Photos (PDF document) with MHT project number:  
**MHTProjectNumber\_ApplicationPart\_Photos\_PropertyName or PropertyAddress\_City**
  - E.g., 2024-000\_Part3\_Photos\_XYZHouse\_Denton
- JPEGs only (max. 20 photos):
  - Create a folder for photos, following the naming conventions above.
  - Label photos 1-20 with a brief description and property name or address. (Photos must be numbered and keyed to the description of proposed work in the application.)
    - E.g., 1\_FrontElevation\_XYZHouse\_Denton
    - E.g., 2\_WestElevation\_123MainSt\_Baltimore

## FILE NAMING CONVENTIONS

Each application component (i.e., Part 1, Part 2, Part 3, Amendments, drawings, etc.) must be saved as an individual PDF file and named according to MHT's file naming conventions.

All files will be named using the property address (or historic property name, if known) and the file type (i.e., Part 1, Part 2, etc.). There should be no spaces, punctuation, or special characters in the folder and file names, and underscores are used instead of spaces. Street names with the cardinal directions should be abbreviated with just the first letter or letters for ordinal directions. File names should be limited to 75 characters.

For example, the Part 1 application for a building at 100 Community Place, Crownsville, will be named:

**Part1\_100CommunityPlace\_Crownsville.**

If a property has a historic name, that can be used in place of the address. For example, a Part 1 application for Baltimore Penn Station will be named: **Part1\_BaltimorePennStation.**

Once a Part 1 or Part 2 application is approved, all subsequent files should be labeled leading with the MHT project number. For example, if the project at 100 Community Place, Crownsville, is assigned MHT# 2024-000, any subsequent applications including Amendments and the Part 3 will be labeled:

- 2024-000\_Amendment1\_100CommunityPlace\_Crownsville
- 2024-000\_Part3\_100CommunityPlace\_Crownsville

## **SPECIFIC FILE NAMING CONVENTIONS**

### *Architectural Plans and Drawings*

When necessary to include in an application submission, plans of existing and proposed conditions should be submitted as separate files. In order to flatten the electronic files for architectural plans, select the "Print" function, then select "Adobe PDF" as the printer, save the file, and name according to the MHT File Naming Conventions with a description of the file time. For example:

- Existing\_100CommunityPlace\_Crownsville
- Proposed\_100CommunityPlace\_Crownsville

If MHT has assigned that project a file number, that must be the leading text. For example:

- 2024-000\_Existing\_100CommunityPlace\_Crownsville
- 2024-000\_Proposed\_100CommunityPlace\_Crownsville

### *Amendments*

Amendments should be named in sequential order as they are submitted. For example:

- 2024-000\_Amendment1\_100CommunityPlace\_Crownsville
- 2024-000\_Amendment2\_100CommunityPlace\_Crownsville
- 2024-000\_Amendment3\_100CommunityPlace\_Crownsville

## **QUESTIONS?**

Still not sure how to submit? Contact MHT tax credit staff:  
[mht.taxcredits@maryland.gov](mailto:mht.taxcredits@maryland.gov)