

OVERVIEW

Land Home Financial Services, Inc. offers the CalHFA Mortgage Credit Certificate (MCC) Program to Brokers on a Wholesale basis for eligible loans originated in California only.

MCC: MCC is a certificate issued by certain state or local government agencies that allows a taxpayer to claim a tax credit for some portion of the mortgage interest paid during a given tax year. An MCC is not a mortgage loan. This MCC can be combined with both Community Lending Programs and also our standard loan originations in order to obtain the tax credit. For some programs, the MCC can be applied to the qualifying payment – in the form of reducing the “qualifying” payment, or adding additional income, thereby increasing the buyers borrowing power.

NOTE: These following guidelines are not meant to be a substitute to standard guidelines, policy and procedures, they are intended to understand the MCC program specifics and additional requirements.

MCC Requirements	
Program	California Housing Finance Agency MCC tax credit CalHFA MCC Program Guide EIN # = N/A
Servicer	N/A
Agency / Investor Guidelines	CalHFA MCC Program Guide LHFS will follow standard insurer/guarantor underwriting guidelines. Please refer to LHFS specific guidelines for further borrower eligibility and property eligibility.
Program Codes	N/A The following documents must be submitted for MCC: <ul style="list-style-type: none"> • CalHFA Borrower Affidavit • Copy of fully executed tax returns for each borrower covering the most recent three (3) year period
Description	MCC – CalHFA offers the MCC tax credit program in various counties throughout California. CalHFA MCC County Lookup The current year tax credit certificates are issued at 20%. CalHFA MCC program can be used with LHFS standard product offerings in addition to those community lending programs available throughout California, within those eligible counties. RMCC – Reissued MCC are also available for refinance transactions
Subordinate Financing	N/A
Eligible States	California Only
First Mortgage Loan Types and Terms	<ul style="list-style-type: none"> • Conventional • FHA • USDA (although no additional qualifying income is credited) • VA (Income is added to Residual Income - for residual purposes not qualifying)
Eligible Properties	Must follow applicable agency guidelines
Down Payment /Closing Cost Assistance	N/A



MCC Requirements											
Minimum Borrower Contribution	N/A										
Borrower Eligibility	<p>Borrower must meet the following requirements:</p> <ul style="list-style-type: none"> • All borrowers must occupy subject property • Each CalHFA MCC Tax Credit applicant must be a US citizen, permanent resident alien or qualified alien. • All CalHFA MCC Tax Credit applicants must meet the credit, income and loan requirements of CalHFA MCC tax credit program handbook, the Lender, and the mortgage insurer/guarantor. • All Applicants must be first-time homebuyers. Eligibility is verified with 3 years Tax Returns or Transcripts showing no mortgage interest write-offs. <ul style="list-style-type: none"> ○ Exception to first-time homebuyer requirements: <ul style="list-style-type: none"> ▪ Subject Property is located in a federally designated targeted area ▪ Qualified veterans pursuant to the Heroes Earning Assistance and Relief Tax Act of 2008 (all applicant must occupy until the term of the loan or until sold) 										
Recapture	Recapture is the repayment to the government of all or a part of the tax credit granted If the Holder of an MCC Tax Credit sells the home within nine (9) years after issuance of the MCC Certificate, a portion of the tax credit may be subject to recapture pursuant to Section 143(m) of the Internal Revenue Code										
MCC Calculation	<p>The MCC calculation is based off the total 1st mortgage loan, multiplied by the interest rate, then multiplied by 20% and divided by 12 months. This will give you the monthly MCC tax credit amount for the mortgage</p> <div style="background-color: #e6f2ff; padding: 10px;"> <p style="text-align: center;">Example of the Federal Tax Credit advantage of an MCC</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Loan Amount</td> <td style="text-align: right; padding: 2px;">\$ 200,000</td> </tr> <tr> <td style="padding: 2px;">Mortgage Rate</td> <td style="text-align: right; padding: 2px;">5.00%</td> </tr> <tr> <td style="padding: 2px;">First year's mortgage interest</td> <td style="text-align: right; padding: 2px;">\$ 10,000</td> </tr> <tr> <td style="padding: 2px;">MCC Credit Rate</td> <td style="text-align: right; padding: 2px;">20%</td> </tr> <tr> <td style="padding: 2px;">MCC Tax Credit amount</td> <td style="text-align: right; padding: 2px;">\$ 2,000</td> </tr> </table> </div>	Loan Amount	\$ 200,000	Mortgage Rate	5.00%	First year's mortgage interest	\$ 10,000	MCC Credit Rate	20%	MCC Tax Credit amount	\$ 2,000
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Underwriting	<ul style="list-style-type: none"> • LHFS will follow the applicable underwriting standards for the 1st mortgage • CalHFA Income Calculation worksheet must be completed for each borrower • Family Income is defined as the annualized gross income of a mortgagor • The eligibility income is determined by the household size • In addition, the 1st mortgage and any associated subordinate loans must follow these requirements: <ul style="list-style-type: none"> ○ Verification of employment and other supporting documentation regarding income such as paycheck stubs cannot be more than sixty (60) days old as of the 1st mortgage note date ○ The MCC credit may be used for credit qualifying purposes as per Investor guidelines • No additional FICO/DTI requirements. Must follow 1st mortgage program requirements • Review the CalHFA Borrowers affidavit as the household size might vary from what is being reported on the Tax Returns and loan application • Once UW Certification is completed, no changes can be made. 										



MCC Requirements	
Program Specific Documents	<ul style="list-style-type: none"> Initial application: The CalHFA Borrowers Affidavit is required on all loans. This form is used to identify the total household size. CalHFA Borrower Affidavit Closing documents: Can only be printed once the UW certification has been completed.
Sales Price Limits	Sales Price Limits
Income Limits	Income Limits The eligibility income is determined by the household size
Fees and Points	1 st mortgage fees based upon the program and parameters will be applicable. In addition, based upon the 1 st mortgage program the additional MCC compliance and documentation fee will default for this selection within Program Features: <ul style="list-style-type: none"> \$450 MCC Application Fee for MCCs combined with CalPLUS 1st mortgage loans OR \$750 MCC Application Fee for MCCs combined with a non-CalPLUS 1st Mortgage \$75 MCC Processing Fee payable to LHFS Note: The Application fee will show payable to eHousingPlus but will be withheld from the funding wire.
Homebuyer Education	Follow standard 1 st mortgage guidelines for homebuyer education: <ul style="list-style-type: none"> At least one borrower must complete Homebuyer Education, either online through eHome; Face-to-Face through NeighborWorks® America; OR Through another of HUD's Approved Housing Counseling Agencies
Cash Back to Borrower	N/A
Inspections/Warranties	N/A
Signature Requirements	N/A

HELPFUL LINKS:

- [CalHFA Borrower Affidavit \(Must be included with submission package\)](#)
- [LHFS Guidelines](#)
- [Submission Checklist](#)

