

2016-2017 Riverside County Mortgage Credit Certificate Program (MCC)

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Purpose

- Overview
- Assistance Type & Amount
- Eligible Locations
- Starting Point and Process for Buyers

Program Accomplishments

- Provided over \$25,716,095 in tax credits to 1,152 families

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Neighborhood Stabilization Program

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The Riverside County Economic Development Agency (EDA) is launching the Neighborhood Stabilization Homeownership Program

MCC – Type of Assistance

- Not a down payment assistance program
- Entitles qualified homebuyers to a federal income tax credit in the amount of 20% of the interest paid on the primary mortgage
- Since the borrower's income taxes are being reduced by the amount of the credit, this increases the take-home pay by the amount of the credit.
- The amount of the MCC is taken into consideration by the 1st mortgage underwriter and may give the borrower more buying power.

MCC – Type of Assistance Cont.

- MCC may be combined with the FTHB and NSP program.
- Recapture tax may apply if borrower sells home at a profit before end of first 9 years and is over the income limit at time of sale.

MCC – Calculating the Annual Credit

- 1st Mortgage Loan Amount x Interest Rate x 20%
- Example:

Loan Amount = \$200,000

Interest Rate = 4%

$$\begin{aligned}\text{MCC} &= \$200,000 \times 4\% \times 20\% \\ &= \$2,400/\text{year} \div 12 \\ &= \$200.00 \text{ per month}\end{aligned}$$

MCC – Tax Deduction vs. Tax Credit

- A tax deduction (such as mortgage interest or property taxes) is subtracted from adjusted gross income before federal income taxes are computed, decreasing taxable income.
- A tax credit entitles a tax payer to subtract the amount of credit from their total federal tax bill.

MCC – Buyer Qualifications

- Must be a first-time homebuyer: no ownership interest in real estate in the past 3 years
 - *Exception – if buyer purchases property located in an MCC Target Area Census Tract
- Buyer within income limits
 - *Exception – higher income limits apply within an MCC Target Area Census Tract
- Will occupy subject property as primary residence
- MCC has no minimum credit score requirement – we defer to the first mortgage lender's credit underwriting

MCC – Type of Assistance Cont.

- MCC may be combined with the FTHB program
- Recapture tax may apply if borrower sells home at a profit before end of first 9 years and is over the income limit at time of sale

MCC – Income Limits

FAMILY SIZE	FTHB Effective: June 6, 2016	MCC	
		Outside Target Area Effective: March 28, 2016	Inside Target Area
1	\$35,800	\$70,000	\$84,000
2	\$40,900		
3	\$46,000	\$80,500	\$98,000
4	\$51,100		
5	\$55,200		
6	\$59,300		
7	\$63,400		
8	\$67,500		

MCC- Target Area Census Tracts

Banning	438.13, 442.00
Beaumont	438.21, 440.00
Blythe	459.00, 462.00, 465.00
Cathedral City	449.07, 449.15, 449.16
Coachella	456.05, 456.09, 457.03, 457.04, 457.05, 457.06
Corona	416.00, 417.03, 417.04
Hemet	433.07, 433.08, 433.10, 434.01, 434.03, 434.04, 435.03, 434.05, 435.07
Home Gardens	414.10, 414.11
Indio	453.02, 453.03, 455.01, 455.02, 456.03, 455.00
La Quinta	456.05
Lake Elsinore	430.01
Mead Valley	429.02, 429.04
Mecca	456.04, 456.05
Moreno Valley	424.05, 425.05, 425.08, 425.10, 425.12, 425.15, 425.16, 425.18, 425.19, 425.20, 489.01
Norco	407.02, 410.04
Perris	428.00, 429.01
Riverside	301.03, 303.00, 304.00, 305.01, 305.03, 310.02, 316.01, 317.01, 317.04, 402.03, 402.04, 411.01, 422.10
San Jacinto	436.00, 436.01, 436.02

MCC – Property Requirements

- Foreclosed, Short Sale or Private party sales are all OK
- Purchase price limits:

Outside Target Area	\$336,145
Inside Target Area	\$410,843
- SFR, condo/townhouse/PUD or manufactured home (on permanent foundation)

MCC – Eligible Locations

- All areas in Riverside County are eligible for MCC assistance **EXCEPT** the following locations:

All unincorporated areas (areas outside a city limit)

Desert Hot Springs

Eastvale

Hemet

Indian Wells

Murrieta

Rancho Mirage

Wildomar



Phase I

Qualifying Process for MCC

- Borrower works with approved loan officer
- Loan officer pre-qualifies borrower simultaneously for 1st mortgage and County Assistance
- Loan Officer is responsible for informing buyer and realtor regarding program details
- Buyer enters into purchase agreement, escrow opens, lender processes file and submits complete application package to EDA

Qualifying Process for MCC

- EDA receives the MCC application.
- Turnaround time for review is within 24 hours.
- EDA will notify the loan officer if additional information for the application is needed.
- Lender submits information.
- EDA reviews the completed application.
- EDA issues the approval letter or Commitment letter.
- Loan can close after Commitment letter is issued.

Phase II – Closing Phase

- Lender submits the MCC Closing packet forms with the Final HUD within 5 days after closing.
- EDA reviews the packet and issues the certificate.
- Failure to submit the closing packet by the commitment expiration date will require a \$50.00 extension fee from the lender.