

Mortgage Credit Certificate (MCC) Program

Riverside County Economic Development Agency

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The Riverside County Economic Development Agency (EDA) is launching the Neighborhood Stabilization Homeownership Program (NSHP). This program offers down-payment assistance on foreclosed homes within Riverside County.

What is a Mortgage Credit Certificate (MCC)?

- Entitles qualified first-time home buyers to reduce the amount of their federal income tax liability by an amount equal to a portion of the interest paid during the year on a home mortgage.
- This tax credit allows the buyer to qualify more easily for a loan by increasing the effective income of the buyer.

What is the Mortgage Credit Certificate? (continued)

- The MCC Program provides a 15% rate which can be applied to the interest paid on the mortgage loan.
- The borrower can claim a tax credit equal to 15% of the interest paid during the year.

What is the Mortgage Credit Certificate? (continued)

- The borrower's taxes are reduced and their take-home pay is increased by the amount of the credit.
- When underwriting the loan, a lender takes this into consideration and the borrower is able to qualify for a larger loan than would otherwise be possible.

MCC Funding Source

- The MCC Allocation is awarded from the California Debt Limit Allocation Committee (CDLAC). CDLAC imposes an annual limit on the dollar amount of tax-exempt private activity bonds that may be issued in a state. The amount received is based on a demonstrated need, past performance and available MCC authority. CDLAC administers the mortgage credit certificates to each county to assist first time homebuyers.

What are the Qualifying Locations?

- Riverside County can issue MCC's to buyers who are purchasing a home located in any unincorporated area within the boundaries of a participating city:

Banning, Beaumont, Blythe, Calimesa, Canyon Lake, Cathedral City, Corona, Desert Hot Springs, Hemet, Indio, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Palm Spring, Perris, Riverside, San Jacinto, Temecula, and Wildomar

Non-participating cities

- Coachella
 - Indian Wells
 - La Quinta
 - Palm Desert
 - Rancho Mirage
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Effective Home Buying Power

Effective Home Buying Power with and without a Mortgage Credit Certificate (MCC)		
	Without MCC	With MCC
First Mortgage Amount	\$300,000	\$300,000
Mortgage Interest Rate	7%	7%
Monthly Mortgage (<i>Principal & Interest Only</i>)	\$1,996	\$1,996
MCC Rate	N/A	15%
Monthly Credit Amount	N/A	\$262.50
“Effective” Monthly Mortgage Payment	\$1,996	\$1,733.75
Annual Income Needed*	\$85,542	\$74,303.50

How Long Does the MCC Last?

- The MCC is in effect for the life of the loan as long as the home remains the borrower's principal residence.
- The MCC is *not* transferable to a new loan when refinancing, nor can it be assigned or transferred to a new buyer or another home.

How Long Does the MCC Last? (continued)

- The MCC Program includes a nine year recapture provision which provides for a return of tax credits taken if the property ceases to be the borrower's primary residence within nine years from the close of escrow.

Who qualifies for a Mortgage Credit Certificate?

Three basic qualifications:

1. The borrower must be a first-time home buyer.
2. The borrower's annual income must fall within the program income limits.
3. The home being purchased must fall within the program acquisition cost limits.

**If the home is located in a target area, then the first-time buyer limitation does not apply and the income and cost limits are higher.*

What are Target Areas?

- Target areas are census tracts designated by the Federal Government to encourage investment.
- There are currently 51 target areas within Riverside County.

Income and Acquisition Cost Limits

Riverside County Mortgage Credit Certificate
Income and Acquisition Cost Limits
Effective Date: March 19, 2009

Maximum Income*	Outside Target Area	Inside Target Area
Household with 1 – 2 persons	\$70,400	\$84,480
Household with 3 or more persons	\$80,960	\$98,560
Maximum Home Acquisition Cost	Outside Target Area	Inside Target Area
New and existing homes	\$339,146	\$414,512

**Maximum income refers to the gross annual household income of the mortgagor(s) and all persons who will both live in the residence and be liable on the mortgage.*

How do I Apply for a Mortgage Credit Certificate?

- Borrowers must apply for a MCC through a participating lender.
- The participating lender will perform an initial qualification and assist the borrower in completing the MCC submission forms.
- The lender submits the MCC application to the County.
- The County reviews the borrower's qualifications and if they meet the program guidelines, issues a letter of commitment to the lender.

Is there a Fee to Receive a MCC?

- The maximum total fee for an MCC is \$400.
 - The County collects a \$300 non-refundable application fee
 - Lenders may charge up to \$100 for their processing of the MCC

**This is separate from the other fees associated with purchasing a home, such as escrow fees, loan origination fees, processing fees and closing costs.*

Contact Information

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Economic Development Agency***

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(Outside Riverside City Limits)

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