

The Housing Commission received a special allocation of MCCs under emergency federal legislation to help homebuyers and the ailing housing market. This special award of MCCs can only be used by eligible homebuyers purchasing bank owned properties. Bank owned properties are homes or condominiums the lender took back through a foreclosure. Due to the high demand for the MCCs, additional eligibility requirements have been included with this allocation.

The Mortgage Credit Certificate Program operates as an IRS tax credit. With a MCC, the qualified homebuyer becomes eligible to take a federal income tax credit of either 15% or 20% of the annual interest paid on the mortgage each year for as long as the buyer lives in the home. This credit reduces the federal income taxes of the buyer, resulting in an increase in the buyer's net earnings and increases the buyer's capacity to qualify for a mortgage loan. Applications are processed through participating MCC lenders. Homebuyer may be subject to recapture tax if they sell their residence within 9 years.

Application fee: **NOTE FEE CHANGE:** \$250.00 if buyer is using MCC in conjunction with other Housing Commission loan programs (i.e. deferred second trust deed loan and/or down payment/closing cost assistance grant) **or** .002 of first trust deed loan if applying for MCC **only** or \$250.00, whichever is greater.

The MCC can only apply to:

- Purchases of bank owned single family homes including detached homes, condominiums or townhouses (duplexes and/or two-on-one units are not eligible).
- FHA, VA or conventional loans with fixed or adjustable rates. No bond-backed loans such as CalHFA and Cal Vet, and no negative amortization loans.
- Occupy the home as a principal residence

I. NON-TARGETED MCCS \ 15% TAX CREDITS

To qualify, the Buyer must:

- Be a first-time homebuyer (no ownership in a principal residence within the last three years)
- Maximum household income:

1 - 2 persons	\$74,900
3+ persons	\$86,135
- No minimum housing debt ratio requirement
- Property purchase price limited to \$385,063

II. TARGETED MCCS / 20% TAX CREDITS

The following modifications apply in certain targeted census tracts:

- Do not need to be a first-time homebuyer
- Income limits are higher:

1-2 persons	\$ 89,880
3+ persons	\$104,860
- No minimum housing debt ratio requirement
- Higher purchase price limits of \$470,633

Targeted Neighborhoods

The areas listed below are considered targeted under the MCC program. To see if subject property is in a targeted census tract, go to the bottom of first page of First-Time Homebuyer section and click **Census Tract Information**. Enter address information and compare census tract with below list.

Targeted Census Tracts	General Area	Thomas Guide Page
62	Airport Area	1268/1288
66	Loma Portal	1268
9, 12, 16, 17, 18	Normal Heights	1269
56	Balboa Park	1269/1289
22.01, 22.02, 23.01, 23.02, 24.01, 24.02, 25.01, 26.01, 26.02	City Heights/East San Diego	1269
27.07, 27.08, 27.09, 27.10	East San Diego	1270
33.02	Southeast San Diego	1289/1290
33.03, 34.04, 35.01, 36.01, 36.02, 36.03	Southeast San Diego	1289
40, 41, 45.01, 45.02, 46, 47, 48, 49	Southeast San Diego	1289
39.01, 39.02	Logan Heights	1289
50, 51	Barrio Logan	1289
57, 58	Downtown	1289
100.12, 100.13, 100.15, 101.12	San Ysidro	1350