



## Mortgage Credit Certificate Program FAQs

As of 12-9-16

- Q. Is a Homebuyer Education Counseling Certificate required for all borrowers?**
- A. Yes, all applicants are required to complete a homebuyer education class and obtain a certificate. Homebuyer education classes are offered through HUD approved housing counseling agencies and a list of these agencies can be located at [www.hud.gov](http://www.hud.gov). Additionally, online courses such as eHome America are acceptable, but must be approved by the National Industry Standards for Homeownership Education and Counseling.
- Q. Is the Mortgage Credit Certificate separate from itemized deductions on the borrower's tax returns and can the borrower claim both?**
- A. Yes, the Mortgage Credit Certificate is separate from itemized deductions. LHC advises borrowers to work with a tax professional when filing their tax returns to ensure they receive full credit for the Mortgage Credit Certificate.
- Q. Can a borrower own rental/investment property and participate in the Mortgage Credit Certificate Program?**
- A. Yes, if the borrower has not owned a primary residence in the past three years and qualifies as a first-time homebuyer. There are two (2) exceptions whereby the borrower would not have to be a first-time homebuyer: if the property being purchased was located in a Federally Designated Targeted Area or if the borrower qualified for the veteran's exemption.
- Q. Is the \$500 Lender Fee at the discretion of the lender?**
- A. Yes
- Q. Is the Mortgage Credit Certificate reserved as a Market Rate loan or is it reserved separately?**
- A. It is reserved separately. If offering both programs to a borrower, the Market Rate and MCC would need to be locked separately.
- Q. Is there a maximum cap the borrower will receive from the MCC?**
- A. Yes, based upon the loan amount. Each year the mortgage tax credit will be calculated on the basis of 40% of the total interest paid on the mortgage for that year with a maximum annual tax credit of \$2,000. The MCC will be in effect for the term of the mortgage loan as long as the residence remains the principal residence.



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**Q. Can the borrower receive the 3% or 4% down payment assistance in addition to the MCC?**

A. Yes

**Q. What turn time can a lender expect from LHC when submitting a compliance file or final closed loan MCC Program Documents for review and approval?**

A. 24 to 48 hours

**Q. Is the MCC PowerPoint presentation be posted to the website?**

A. Yes:

[http://www.lhc.la.gov/assets/Programs/single\\_family\\_programs/MCC\\_Program/MCC\\_Training.ppt](http://www.lhc.la.gov/assets/Programs/single_family_programs/MCC_Program/MCC_Training.ppt)

**Q. Are lenders required to charge the 1% Origination Fee that goes to LHC?**

A. Yes

**Q. If the borrower pays the 1% Origination Fee and the \$500 Lender Fee, will they receive a \$2,000 credit for the term of the loan?**

A. The borrower will receive a maximum of \$2,000 per year as a mortgage credit as long as the mortgage interest paid by the borrower supports that amount. Refer to FAQ #6.

**Q. What are the qualifications for the Federally Designated Targeted Area?**

A. A Targeted Area is a census tract in which 70% or more of the families have incomes that are 80% or less of the statewide median income or an area of chronic economic distress. Homebuyers purchasing properties located in a Targeted Area do not have to be a first-time homebuyer, and purchase and income limits are generally higher. For a list of Targeted Area Census Tracts refer to Exhibit Y.

**Q. Where can I find the daily interest rates for this program?**



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- A. This program does not issue daily interest rates. This program provides the borrower with a Mortgage Credit Certificate allowing a mortgage credit up to \$2,000 each year.
- Q. What property types are eligible?**
  - A. Owner occupied principal residences that are single family, condominiums, townhomes, and manufactured homes eligible for FHA lending and must be permanently affixed to the foundation, and modular.
- Q. What is the maximum acquisition/purchase price limit?**
  - A. For new and existing properties located in a non-targeted area the acquisition limit is \$255,574 and for targeted areas it is \$312,368. All program information can be found at [www.lhc.la.gov](http://www.lhc.la.gov) , “Programs” and “Mortgage Credit Certificate Program.”
- Q. Does the borrower have to be a first-time homebuyer?**
  - A. Yes, unless the borrower qualifies for one of the two (2) exemptions. Exemptions are: the property is located in a *Federally Designated Targeted Area* or the borrower qualifies for the *Veteran’s Exemption*.
- Q. What is the maximum income allowed?**
  - A. Exhibit U, Maximum Permissible Family Income Limits, indicates income limits by parish, family size and non-targeted and targeted limits.
- Q. Is there a credit score requirement?**
  - A. LHC does not have a minimum credit score requirement for applicants participating in the MCC Program.
- Q. Are there required ratios and reserves?**
  - A. LHC does not have any ratio or reserve requirements. Lenders are expected to follow their product guidelines.
- Q. What is the lender compensation?**
  - A. Lenders are allowed to charge a lender application fee of \$500. Lenders are allowed to charge their normal reasonable and customary fees.



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**Q. What are the established fees for this program?**

- A. Origination fee – 1%, Compliance Fee – \$75, Lender Application Fee - \$500 (optional)  
Fees charged on an as needed basis: Resubmission Fee - \$25, Extension Fee - \$25,  
Reissuance Fee - \$125, and Assumption Fee - \$325.

**Q. How long is the reservation good for?**

- A. Lenders have 30 days from the reservation date to submit the compliance file for approval. Upon issuance of Exhibit C, conditional commitment letter, the lender has 30 days to submit the closed loan documents. LHC's typical turn time for reviewing submissions is 2-3 business days.

**Q. Can a reservation be extended?**

- A. Yes, a one-time, two (2) month extension is available for the closed loan documents deadline. The fee for extension is \$25.00.

**Q. Can this program be used for refinances?**

- A. No, it is for purchase transactions only.

**Q. How does a lender become a participating lender?**

- A. Lenders are required to execute the MCC Lender Participation Agreement and return to LHC. Once the lender has completed lender training, lenders are set up in our system to make reservations.