

# Mortgage Credit Certificates and Mortgage Revenue Bonds

State and local governmental agencies and joint powers authorities can issue tax-exempt mortgage revenue bonds (**MRBs**) or mortgage credit certificates (**MCCs**) to assist first-time homebuyers purchase homes.

**MCCs** are designed to reduce homebuyers' federal tax liability by applying the credit to their net tax due and can be used with conventional, fixed-rate, FHA, VA and privately insured loans for single family and condominiums homes. Program participants must meet program income limits, depending on the issuing locality, and live in the home for at least three years. **MCCs** that are issued in Federal Target areas usually have less restrictive limits than other areas. Target areas are locations where 50% of the households earn less than that area's median income.

Example:

If a buyer has a 30-year mortgage of \$130,000 with a 6.25% fixed interest rate; the interest rate amount would be approximately \$ 8,081.85 during the first year. With a 20% credit, \$1,616.37 of the payment would be given back to the buyer, allowing him more purchasing capabilities by allowing a lower annual household income to qualify for the mortgage.

**MRBs** are tax-exempt bonds that state and local governments issue through housing finance agencies (HFAs) to help fund below-market-interest-rate mortgages for first-time qualifying homebuyers. Eligible borrowers are first-time homebuyers with low to moderate incomes below 115 percent of median family income. MRB loans are offered at a 30-year below-market interest rate. Price limits and interest rates may vary within each area. Only qualified lenders can offer MRBs.

To access a current [allocation award list](#) of Counties and Cities using **MCCs** and **MRBs**, visit the California State Treasury's Office website at <http://www.treasurer.ca.gov/cdlac/>. Make sure to consult all the *Rounds* in order to obtain the complete *Single Family Programs* allocation information. Once you have confirmation of which program the City or County is offering, contact the [local Housing authority](#) or the Planning Department or the Economic Development Agency, depending on your locality's organizational structure. Government staff should be able to provide you with the program administrator contact information and additional details. Some MCC and MRB administrators have web sites where they post their information.

Remember, if the financial resources allocated for a particular program are not used, then they are lost. In the next funding cycle, the local government should make new requests for money and a new allocation is designated. In some cases, local funds

for down payment are not being used to its full capacity leaving thousands of dollars unused in city coffers.