

**FRESNO COUNTY
MORTGAGE CREDIT CERTIFICATE PROGRAM**

Are you a first-time homebuyer?

Do you want help in making your mortgage payments?

Then you should read the following information on the Fresno County Mortgage Credit Certificate Program.

GENERAL OVERVIEW

The Mortgage Credit Certificate (MCC) Program is available to eligible first time homebuyers who are interested in buying a home in Fresno County. The MCC Program is sponsored by the Housing Authority of the County of Fresno in cooperation with Fresno County and each incorporated city within the county. The Housing Authority of Fresno County administers the program under contract with Fred Consulting Associates (Novato, CA).

What is an MCC?

A Mortgage Credit Certificate (MCC) provides an annual tax credit (tax reduction) to homebuyers, thus reducing the amount of Federal income tax they pay. This reduction in income taxes provides more available income to homebuyers to qualify for a mortgage loan and to make their monthly mortgage payments. The tax credit can be taken by MCC holders as an increase in their take-home pay and/or a reduction in the taxes they pay to the IRS.

NOTE: Even if a homebuyer receives a tax refund from the IRS for the overpayment of taxes, that homeowner would be able to take the tax credit and receive an even greater refund with the Mortgage Credit Certificate.

Under the Fresno County MCC program, the maximum tax credit available is equal to 15 percent, i.e., 15% of the mortgage interest a homebuyer pays each year can be taken off his/her taxes.

Eligible Homebuyers

Table 1 shows the purchase price and income limits for MCC Program participants.

Table 1: Income and Purchase Price Limits

<u>Income</u>	<u>NonTarget Area</u>	<u>Target Area</u>
1 and 2 persons households	\$62,500	\$75,000
3+ persons households	\$71,875	\$87,500

<u>Purchase Price</u>	<u>NonTarget Area</u>	<u>Target Area</u>
New (never lived in) units	\$230,800	\$282,000
Existing (resale) units	\$193,000	\$235,800

How does the MCC reduce your taxes?

In the example given in Table 2 below, a borrower with an 6.25% fixed rate 30-year mortgage of \$120,000 would make \$7,500 in interest payments during the first year of the mortgage. The borrower deducts 85% of that interest (\$6,375 in our example)—along with other allowable deductions—from his/her total gross income in order to figure the "adjusted gross income" on which he/she will calculate his/her total tax liability. After the borrower has calculated his/her total tax liability, the remaining 15% of the interest (\$1,125 in our example) is deducted from his/her total tax liability. If this subtraction results in a negative number—in other words, if the borrower is unable to use the entire MCC tax credit in this particular tax year—the credit may be carried forward and used up to three calendar years in the future. By taking this action, the borrower will have more disposable income to make mortgage payments.

Table 2: Effect of a Mortgage Credit Certificate—Example

1. First Mortgage Amount	\$120,000
2. Mortgage Interest Rate	6.25%
3. Annual Interest Payment	\$7,500
4. Mortgage Credit Certificate Rate	15%
5. Annual MCC Amount (Line 3 x Line 4)	\$1,125
6. Monthly Credit Amount (Line 5 ÷ 12)	\$94

How does a borrower obtain an MCC?

- As a borrower, you should contact a participating lender who can be a mortgage broker, bank, savings and loan, etc. A list of participating lenders is available from the MCC Administrator, Fred Consulting Associates either at their offices (415) 898-1750 or by voice mail at (559) 443-8450.
- The homebuyer pays a non-refundable application fee of \$325 that can be paid initially or in some cases, after close of escrow.
- After processing the MCC application, the MCC Administrator sends the final MCC to the borrower with a copy to the lender.

NOTE: The tax credit is taken annually and is worth from \$600 to \$1,200+ per year to the homeowner.

Other eligibility criteria

The following criteria also apply to eligibility under the MCC Program in addition to sales price and income limits noted earlier.

- MCCs will be available only to "first-time homebuyers," i.e. not owning a "principal residence" within the past three years.
- Applicants may buy a residence only for their own occupancy. Occupancy as "principal residence" must be within 60 days of the close of escrow (purchase).
- MCCs can be used with new first mortgages only and the MCC tax credit can be taken for the life of the loan as long as the homebuyer continues to occupy the residence as his/her "principal residence." MCC holders who refinance their mortgages may be eligible to refinance their mortgage's and retain their MCC's.
- Although most mortgage products are allowable, some mortgages are ineligible. Homebuyers should check with their lender or with the MCC program.
- The MCC program applies only to the borrower's federal income tax liability. State taxes are not affected.

Participating Lenders In the Fresno County Mortgage Credit Certificate Program

September 2004

Allied Mortg./Investors Lending 7080 N. Whitney, Suite Fresno, CA (559) 322-3338 93720	America's 1st Mrtg 745 E. Locust #108 Fresno, CA (559) 447-1050 93720-3000	Arrow Home Loans, Inc. 1715 Minnewawa Ave., Clovis, CA (559) 490-5488 93612	Arrow Home Loans, Inc. 575 Alluvial #108 Clovis, CA (559) 490-8400 93720	Bank of America Mortgage 300 Ellinwood Way, Pleasant Hill, CA (925) 692-7391 94523
Bank of the Sierra 636 E. Shaw Avenue Fresno, CA 559-248-2580 93710	Capital Lending Group 466 W. Fallbrook, #109 Fresno, CA 559-431-4600 93711	Central Valley Home Loans 1617 W. Shaw Avenue, Fresno, CA (559) 244-0444 93711	CitiMortgage, Inc. 700 Bellevue Road Atwater, CA 209-357-9246 95301	CitiMortgage, Inc. 15851 Clayton Road Ballwin, MO 636-256-5021 63011
Clovis Lending Company 848 Clovis Ave. Clovis, CA (559) 297-6560 93612	Compass Financial Group, Inc. 1754 E. Bullard Avenue, Fresno, CA 559-437-9988 93710	ComUnity Lending, Inc. 1500 West Shaw Fresno, CA 559-224-5482 93711	Countrywide Home Loans, Inc. 2440 W. Shaw Avenue, Fresno, CA 559-440-4123 93711	CTX Mortgage 6425 N. Palm Avenue, Fresno, CA 559-447-3500 93704
First Capital Financial dba Full 7447 N. First Street, Fresno, CA 559-447-0395 93720	First Choice Home Loans 7409 N. Cedar, #102 Fresno, CA (559) 446-2310 93720	First Pacific Financial 1141 W. Shaw Ave., Fresno, CA (559) 227-5000 93711	GMAC Mortgage Corporation 6715 N. Palm Avenue, Fresno, CA (559) 438-4622 93704	Golden Empire Mrtg 7395 N. Palm Bluffs Ave. Fresno, CA (559) 438-0460 93711
Greatland Mortgage Corp. 5150 North Sixth Street, Fresno, CA 559-244-4250 93710	Greenpoint Mortgage 7777 Greenback Lane, Citrus Heights, CA 800-954-4462 95610	Greenpoint Mortgage 100 Wood Hollw Drive Novato, CA 415-878-5878 94945	Guaranty Mortgage Services 1100 W. Shaw Avenue, Fresno, CA 559-222-9510 93711	Guarantee Home Loans 7717 N. First Street Fresno, CA 559-650-6060 93720
McMillin Lending Group 1332 Draper St. Kingsburg, CA (559) 897-1530 93631	Metrociti Mortgage LLC 16030 Ventura Blvd., Encino, CA 818-981-0606 91436	Mission Hills Mrtg 1312 E. Shaw Ave 101 Fresno, CA (559) 228-6678 93710	Mortgage Associates 1233 W. Shaw #104 Fresno, CA (559) 222-2986 93711	National City Mortgage 2323 W. Caldwell Visalia, CA 559-741-1290 93277
Northpoint Mortgage 1222 W. Shaw Ave Fresno, CA (559) 449-0731 93711	GMAC Mortgage Corporation 1111 E. Hemdon #111 Fresno, CA (559) 432-2727x214 93720-3114	Premier Lending Service 2429 Professional Santa Maria, CA (559) 226-2973 93455	RBC Mortgage 6715 N. Palm Avenue, Fresno, CA 559-438-3900 93704	Resource Lenders 7330 N. Palm Avenue, Fresno, CA (559) 225-0500 93710
Resource Lenders 545 E. Alluvial #101 Fresno, CA (559) 435-0500 93720	Royal Charter Mortgage 6442 N. Maroa Fresno, CA (559) 436-4020 93704	Secured Bankers Mortgage 1100 W. Shaw Ave. #144 Fresno, CA (559) 226-0690 93704	Shore Financial Group 601 W. Shaw Ave Fresno, CA (559) 225-3395 93704	Sierra Mortgage Services, Inc. 516 W. Shaw Avenue, Fresno, CA (559) 221-2624 93704
Sierra Pacific Home Loans 1616 W. Shaw Ave Ste Fresno, CA (559) 224-3300 93711	Sierra Pacific Mortgage 155 E. Shaw Ave., #310 Fresno, CA (559)-222-7400 93710	Sterling Properties 1156 W. Escalon Ave Fresno, CA (559) 435-6858 93711	Sterling/Mercer Inc. 1100 W. Shaw #130 Fresno, CA (559) 271-2686 93704	Stockton Savings Bank 1015 W. Shaw Ave Fresno, CA (559) 224-3921 93711
Valley Wide Home Loans 1500 West Shaw Fresno, CA 559-243-0215 93711	Valleywide Home Loans 1234 E. Manning Reedley, CA 559-643-8307 93654	Washington Mutual 3005 Douglas Blvd. #200 Roseville, CA (800) 733-3848 95661	Wells Fargo Home Mortgage 1111 E. Hemdon STE Fresno, CA (559) 437-1177 93720	Wells Fargo Home Mortgage 1752 E. Bullard Ave., Fresno, CA (559) 437-1700 93710
Wells Fargo Home Mortgage 8405 North Fresno Fresno, CA 559-437-4951 93720	Wells Fargo Home Mortgage 4420 Auburn Blvd., Suite Sacramento, CA 800-347-3448 95841	Wells Fargo Home Mortgage 2865 Sunrise Blvd. Rancho Cordova, CA (800) 669-9762 95742	Windsor Capital Mortgage 516 W. Shaw Avenue, Fresno, CA 559-221-2610 93704	World Savings 1300 E. Shaw Ave #136 Fresno, CA (559) 437-7220 93710