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GSFA MCC Program Update - Bulletin 2016-0701

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GSFA MCC Update

Bulletin #2016-0701
July 1, 2016

Available Funds Update

Below is a funding update for the GSFA Mortgage Credit Certificate (MCC) Program. Please note: There are two allocations; the first is for all GSFA MCC eligible areas besides Orange County, while the second allocation is specifically for properties located in Orange County. The figures below represent the available funding in first mortgages. The GSFA MCC Tax Credit Rate is 20%.

- [GSFA MCC 2015 Allocation](#) — Approximately \$2 million available for Target or Non-Target Areas.
- [GSFA MCC 2015 Orange County Specific Allocation](#) — Approximately \$15 million available for for Target or Non-Target Areas.

GSFA will notify Participating Lenders when additional funds are made available.

Advantages of an MCC

The GSFA MCC program can help first-time homebuyers purchase a home. Through the use of an MCC, eligible homebuyers increase their ability to qualify for a mortgage loan and reduce their effective mortgage interest rate. The first-time homebuyer requirement is waived for qualified veterans or if the property being purchased is in a Target Area.

The federal income tax advantage provided by the GSFA MCC is equal to 20% of the mortgage interest paid annually on a dollar for dollar basis. This means the total of 20% of the annual mortgage interest is deducted directly from annual tax debt. The remaining 80% of the mortgage interest can still qualify to be taken as a deduction from gross income in the usual manner.

Dollar-for-dollar Tax Credit

- An MCC allows a homeowner to get back a substantial portion of the mortgage interest paid every year.

Long-term Savings

- The tax credit can be taken every year the person owns and lives in the home and pays mortgage interest. In addition, if the homeowner refinances, he/she can apply for a re-issuance of the MCC certificate (RMCC) to continue to file for the annual tax credit.

Improves Qualifying Power

- An MCC can help the borrower qualify for the initial mortgage loan also, because it impacts their "available" income and other eligibility factors.

Flexible and Convenient

- An MCC can be obtained with a variety of mortgage loans, including conventional, FHA, and VA loans. An MCC Lender helps the homebuyer apply for the MCC at the same time he/she applies for a mortgage loan.

Additional information, including Online Lender Training is available in the [GSFA MCC Participant Guide](#).

Questions about this bulletin? Contact Us:



Call toll-free (855) 740-8422



Email info@gsfahome.org

If you are the branch manager or main contact responsible for distributing program updates and training announcements to the field, please forward this information.



This bulletin is intended for mortgage professionals only.

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