

Reissued MCC Questions And Answers

How do I qualify to receive a Reissued MCC? (Borrower(s) Must answer (√) the following questions to see if he/she/they are qualified for a Reissued MCC):

- a) Will the residence continued to be occupied and used as your principal place of residency?
Yes _____ No _____
- b) Is the Funding Lender a Participant in Santa Clara County's Reissued MCC Program?
Yes _____ No _____
- c) Will the original holders (people on the Existing MCC Certificate) be the same people on the Note and Deed of Trust of the new loan? (*Refer to questions 5 & 6 for more details.*)
Yes _____ No _____
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1. If you answered YES to all of these questions then you may be qualified for a Reissued MCC. If you answered NO to any of these questions then you are NOT qualified for a Reissued MCC.

2. Can I refinance and keep my MCC?

Under IRS regulations, the County (within certain limitations) can reissue an MCC to MCC Holders who refinance. Obtaining a Reissued MCC is not automatic. You will need to apply through a Participating Lender, and the County will not pre-approve or guarantee that any particular MCC Holder will be issued a new certificate.

3. How many times can I refinance and keep my MCC?

Your MCC becomes void when you refinance your original loan. You may however, apply for a Reissued MCC. *AS of May 21, 1998 a qualified RMCC holder may apply for new Reissued MCCs through multiple refinancings*

4. What if my income has gone up?

No problem. You do not need to requalify under the income limits or the home purchase price limits.

5. I have married since I first got my MCC. Does that affect my eligibility?

No!! However, the Reissued MCC will be issued in your name only, showing your original name and any name change as a result of the marriage.

6. Our original MCC was issued to three (3) people. We now want to remove one of the persons from the Title and/or the Deed of Trust to refinance. Can we do this and still obtain an RMCC?

NO!! The Reissued MCC can only be issued to the original holder(s) of the MCC. If you remove someone from Title and/or Deed of Trust (including a **divorced or separated spouse**) you invalidate the original MCC and cannot apply for an RMCC. Your original certificate is VOID as of the date of transfer of title.

7. My original loan is variable rate. Can I still get a new MCC?

YES!! **Insert A-1** explains the Hypothetical Loan Process and is included in this package.

8. Can I refinance into an Negative Amortization Loan or Potential Negative Amortization Loan?

NO!! These types of loans are not allowed either under the RMCC or MCC Programs.

9. Can I refinance for more than the original loan amount, include closing costs, or take cash-out in the new loan?

Yes!! The new loan **can be for more** or for less than the remaining principal balance of the Old Loan. However, the new Certified Indebtedness Amount is limited to the outstanding balance of the Original Loan. If your New Loan is for more than **the Certified Indebtedness Amount**, the Lender will provide you with a percentage to be applied to your mortgage interest before figuring the federal tax credit. An Example is provided below:

Example:

The Outstanding Principle Balance on your old loan at the time of payoff is \$90,000. Your new loan amount is \$100,000. The Lender divides the \$90,000 (loan payoff) by the (new loan) amount of \$100,000 = .90 (90%). Therefore 90% of the MCC Tax Credit is applicable to the new loan amount. If you paid \$10,000 in interest on your new loan, then the formula is $\$10,000 \times .90 \times .20^* = \text{Tax Credit}$ **OR** the Reissued credit cap limit calculated by your lender, whichever is less.

* The tax credit may vary. MCC's were issued at 15% between 7/1/95 and 2/1/98 and issued at 10% between 2/1/98 and 1/25/2001. Teacher MCCs are issued at 20% so this multiplier will be either .20 or .15 or .10 depending on when you received your MCC.

RMCC Questions & Answers (continued)

10. Just what is the Certified Indebtedness Amount?

The Certified Indebtedness Amount is that portion of your loan amount on which you calculate your federal income tax credit. In all cases with respect to original MCCs issued by the Santa Clara County program, the Certified Indebtedness Amount and the outstanding principal balance of your Old Loan are the same. If you get a Reissued MCC, the Certified Indebtedness Amount and the amount of your New Loan may differ. If the new Loan amount is higher, the Lender will calculate for you the Reissued MCC Percentage difference between the New Loan amount and the new Certified Indebtedness Amount. Before you calculate your tax credit, you will have to multiply your total mortgage interest amount by that percentage.

11. How long is the Reissued MCC good for?

The Reissued MCC is valid only until the date that your original loan was due. If mortgaged a 30-year loan in July 1990, your last payment would have been due in June 2020. If you refinance in 1997 with another 30-year loan, your last payment will be due in 2027, but the RMCC will be valid only until June 2020.

12. How much time do I have to apply?

Applications will only be accepted up to 365 days from the date of new loan closing, but County Staff recommends submitting the application as soon as possible after the new loan closing in order to avoid lost or misplaced paperwork. New Refinanced Loans which close towards the end of the calendar year must be submitted to the County by March 1st of the following calendar year on order to allow the County Program Staff to process a new Reissued MCC application.

Example: If your loan closed in November of 2003 your completed RMCC application must be delivered to the County by March 1st 2004 in order to guarantee that you will receive the new RMCC by IRS imposed filing deadline of April, 2004. RMCC Program Staff will not RUSH PROCESS applications received after March 1st for loans which closed the prior calendar year. If your Reissued application is submitted late to the County you may have to file a tax return extension.

Where can I go to refinance and get a Reissued MCC? To be eligible for a Reissued MCC, the refinancing must be done through a funding lender who has agreed to participate in the Reissued MCC Program. Borrowers may wish to use a County approved MCC broker and County approved Funding Lender. A list of Lenders participating in the County’s Reissued MCC Program is available on the County’s website or from the County MCC Department. Any lender may participate in the Reissued MCC program if they have attended a County sponsored Reissued MCC training session, paid applicable renewal fees, and have a Reissued Lender Participation Agreement on file with the County.

14. What is the application fee for obtaining a Reissued MCC?

The total application fee is \$450, \$350 is to be paid to Santa Clara County, \$100 is payable to your Lender or Loan Agent.

15. Will I keep the original MCC credit rate after I refinance?

Yes, you will retain your original credit rate located on your Mortgage Credit Certificate. MCC holder(s) credit rates were **20%**, **15%**, or **10%**; check your certificate for verification. The credit rate that was originally issued to you will stay the same after your refinancing.

I(We) have read the Questions and Answers above and, to the best of my/our knowledge, believe that I(we) remain qualified for a Reissued MCC From the County of Santa Clara.

Signature of Applicant

Date:

Signature of Applicant

Date: