

RESOLUTION NO. 2003-001

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF
JAN - 9 2003

AUTHORIZATION TO APPLY TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE FOR MORTGAGE CREDIT CERTIFICATES; AUTHORIZATION AND EXECUTION OF THE COOPERATIVE AGREEMENT WITH THE COUNTY OF SACRAMENTO AND RELATED DELEGATION OF AUTHORITY TO THE REDEVELOPMENT AGENCY OF THE COUNTY OF SACRAMENTO; ADOPTION OF THE EXPANDED TEACHER HOME PURCHASE PROGRAM; AND AUTHORIZATION TO MAKE FURTHER CHANGES TO THE EXPANDED TEACHER HOME PURCHASE PROGRAM

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO:

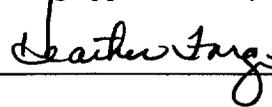
Section 1: The Sacramento Housing and Redevelopment Agency (SHRA) is authorized to apply to the California Debt Limit Allocation Committee (CDLAC) for allocations of Mortgage Credit Certificates and for allocations of the Extra Credit Home Purchase Program;

Section 2: SHRA is authorized to pay the filing fees and to post the performance deposit of one-half of one percent of the allocation requested, but not to exceed \$100,000 for each application as required by CDLAC;

Section 3: SHRA is authorized to execute the Cooperative Agreements between the City of Sacramento and the County of Sacramento for the purpose of issuing Mortgage Credit Certificates (MCCs);

Section 4: SHRA is authorized to adopt the Expanded Teacher Home Purchase Program's guidelines to reflect the substantive changes made by the State, and to make future changes to the program as necessary for program implementation in accordance with the staff report that accompanies this resolution or as required to comply with State program amendments, subject to approval of Agency Counsel.

Section 5: SHRA is authorized to amend the budget to receive revenue for the processing of applications and lender participation fees totaling approximately \$35,000.



MAYOR

ATTEST:



CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2003-001

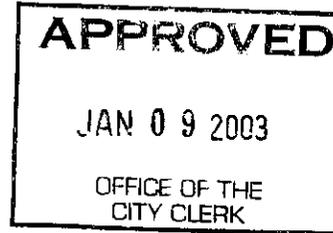
DATE ADOPTED: JAN - 9 2003 (7)



December 4, 2002

2.2

Redevelopment Agency and
City Council of the City of Sacramento
Sacramento, California



Honorable Members in Session:

SUBJECT: APPLICATION FOR MORTGAGE CREDIT CERTIFICATES, EXECUTION OF COOPERATIVE AGREEMENTS, AND MODIFICATION OF THE TEACHER HOME PURCHASE PROGRAM AS MODIFIED BY THE STATE OF CALIFORNIA

LOCATION & COUNCIL DISTRICT – Citywide

RECOMMENDATION

Staff recommends adoption of the attached resolutions on pages 5 through 7 which authorize the Executive Director or her designee to:

- authorize the Agency to apply to the California Debt Limit Allocation Committee (CDLAC) for allocations of Mortgage Credit Certificates and for allocations of the Extra Credit Home Purchase Program;
- authorize the Executive Director to pay the filing fees and to post the performance deposit of one-half of one percent of the allocation requested, but not to exceed \$100,000 for each application as required by CDLAC;
- authorize the execution of Cooperative Agreements between the City of Sacramento and the County of Sacramento for the purpose of issuing Mortgage Credit Certificates (MCCs);
- authorize the Executive Director or her designee to adopt the Expanded Teacher Home Purchase Program's guidelines to reflect the substantive changes made by the State; and
- authorize the Executive Director or her designee to amend the budget to receive revenue for the processing of applications and lender participation fees totaling approximately \$35,000.

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CONTACT PERSONS

Carla Christian, Program Manager, (916) 264-1524
Richard Nelson, Director of Program Operations, (916) 440-1338

FOR COUNCIL MEETING OF - January 9, 2003

SUMMARY

This staff report authorizes the Agency to apply to the California Debt Limit Allocation Committee (CDLAC) from time to time for allocations of Mortgage Credit Certificates (MCCs), to renew the cooperative agreements, and to adopt the Expanded Teacher Home Purchase Program guidelines (formerly known as the Teacher Home Purchase Program).

COMMISSION ACTION

At its meeting December 4, 2002, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Burns, Castello, Cespedes, Faust, Hoag, Piatkowski, Simon

NOES: None

NOT PRESENT TO VOTE: Burruss

ABSENT: Amundson, Harland, McCarty

BACKGROUND

The Agency's Mortgage Credit Certificate Program has been in existence since 1985 and has provided first-time homebuyers with an income tax credit of fifteen percent of the mortgage interest paid each year on their mortgage. By reducing taxes, the MCC gives the homebuyers more disposable income which lenders can use when qualifying the buyer. This is a key component in the Agency's effort to provide assistance to first-time homebuyers in this inflated property value real estate market. Please refer to Attachment I for the MCC Program Guidelines.

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The Agency's MCC Program operates by means of cooperative agreements, as required by CDLAC, between the County of Sacramento and the cities of Sacramento, Citrus Heights, Elk Grove, Folsom, Galt, and Isleton. In this manner, the Agency is able to issue MCCs throughout the County of Sacramento, including the participating cities. The cooperative agreement that needs to be renewed with the city is included as Attachment II.

In June of 2000, the Agency adopted the Teacher Home Purchase Program as part of the Agency's Mortgage Credit Certificate Program. This program has been successful in providing MCC's and downpayment assistance in the amount of \$7,500 from local funding sources to twenty-three credentialed teachers who are teaching in low-performing schools. To make the program more effective, the State revised the program to create a new category of eligible, credentialed staff members. Included as eligible for the program are teachers, administrators, nurses, counselors, psychologists and other credentialed school staff members who teach in low-performing school districts. In addition to the new category of eligible staff members, the State also expanded the Low Performing School definition which would allow schools with Academic Performance Index rankings of four and five now to be eligible for the program, where previously it was limited to rankings of three and below. Further, the State reduced the service requirement from five years to three, and therefore, staff recommends the term of the Agency's downpayment assistance loan be reduced as well. The complete revisions to the program are included as Attachment III.

FINANCIAL CONSIDERATIONS

To apply to CDLAC for the allocation of Mortgage Credit Certificates, CDLAC requires that the Agency post a performance deposit of one-half of one percent of the allocation, but not to exceed \$100,000 for each application. The performance deposit is released upon issuance of the first mortgage credit certificate. There is also a filing fee of approximately \$3,500. It is anticipated that the Agency will receive approximately \$35,000 in application and lender fees.

POLICY CONSIDERATIONS

The recommended action in this report will allow the Agency to apply for and issue MCCs in the County of Sacramento and the City of Sacramento, and is consistent with the Strategic Plan Goal of "Enhancing and preserving the neighborhood" by promoting and increasing homeownership opportunities throughout the City.

Adoption of the Expanded Teacher Home Purchase Program will assist school districts in Sacramento County to recruit and retain credentialed staff in low performing schools. In

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addition, the modifications to the program will increase the program's effectiveness by reaching many more first-time home buyers.

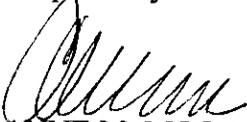
ENVIRONMENTAL REVIEW

The proposed action does not constitute a project under CEQA per Guidelines Section 15378(b)(2), and is exempt from NEPA per 24 CFR Part 58.34(a)(1).

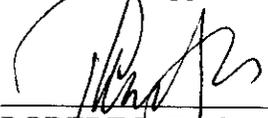
M/WBE CONSIDERATIONS

The items discussed in the report have no M/WBE impact.

Respectfully submitted,


ANNE M. MOORE
Executive Director

Transmittal approved,



ROBERT P. THOMAS
City Manager

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Fact Sheet

1013-7th Street, Suite 200 • SACRAMENTO, CA 95814 (916) 264-1500

SACRAMENTO MORTGAGE CREDIT CERTIFICATE PROGRAM PROGRAM GUIDELINES

Mortgage Credit Certificate

The Mortgage Credit Certificate (MCC) Program is being offered by the Sacramento Housing and Redevelopment Agency (SHRA) to help home buyers purchase homes in areas within the cities of Sacramento, Elk Grove, Folsom, Isleton, Galt, Citrus Heights and the County of Sacramento. The MCC reduces the amount of the Federal income tax you pay, thus giving you more available income to qualify for a mortgage loan and to make your monthly mortgage payments.

Eligible Applicants Must:

- Be a first-time homebuyer. (You cannot have had an ownership in a principal residence at any time in the last three years). In federally designated target areas, you do not have to be a first-time homebuyer.
- Occupy the home
- Not exceed the Income and Purchase Price Limitations below:

Maximum Annual Gross Income

	<u>Non-Target Areas</u>	<u>Target Areas</u>
1 or 2 person household	\$60,800	\$72,960
3 or more person household	\$69,920	\$85,120

Low-Income Set Aside

45% of the allocation will be reserved for households whose income does not exceed 80% of the area median adjusted for family size.

Maximum Purchase Price

	<u>Non-Target Areas</u>	<u>Target Areas</u>
New Homes	\$260,613	\$318,528
Existing Homes	\$183,260	\$223,985

How Will the MCC Assist My Home Purchase?

You will receive a tax credit for (15%) fifteen percent of the annual interest you pay on the mortgage loan. The amount of the credit will not be more than your annual federal income tax liability after all other credits and deductions have been taken into account. Your ability to take full advantage of the tax credit will depend on your individual tax liability.

For example:

You obtain a mortgage loan of \$115,000 from your lender at an interest rate of (7.5%) seven and one-half percent for thirty (30) years. In the first year, the interest on this loan would amount to \$8,589. With a fifteen percent (15%) MCC, you would receive a Federal income tax credit of \$1,288, fifteen percent (15%) of \$8,589. If your annual Federal income tax is \$1,288 or more after all other credits and deductions have been subtracted, you would receive all the benefits of the MCC. You would file a revised W-4 withholding form, and your Federal taxes would be reduced by \$107 per month (\$1,288 divided by 12).

The dollars saved in Federal taxes can go toward your monthly mortgage payment, effectively reducing your mortgage interest rate to an approximate initial rate of 6.125% based on cash flow available to you. If the tax liability was under \$1,288 -- \$1,000 for example -- your Federal income tax would be reduced by \$1,000.

Who Do I Contact to Obtain a Mortgage Credit Certificate?

You may obtain a mortgage credit certificate by contacting any of the participating lenders. Additional lenders may be added, so please ask your lender if they are participating in the current MCC Program.

How Do I Apply?	You apply for the mortgage credit certificate at the same time you make a formal application for a mortgage loan. Lenders vary in their requirements for mortgage loan application, but generally you will have made a purchase offer to buy a house and will be ready to supply credit information, employment data and other information to the lender.
Is There a Fee to Apply?	There is a \$200 fee to apply for an MCC. Of this, \$150 is a non-refundable fee to SHRA and the participating lender may retain \$50. There is no allocation of Mortgage Credit Certificates by lender. After you have made a formal application, the lender will arrange with SHRA to reserve funds for your MCC-assisted mortgage loan. This reservation will hold the MCC while your application is being processed by the lender and SHRA. The lender must receive a signed copy of the MCC Commitment, before the loan may close.
What Are the Loan Terms?	<p>The loan terms depend upon the lender and the type of loan you obtain. Depending on the mortgage marketplace and your borrowing requirements, each lender can set its own interest rate, length of mortgage term, down payment requirement, fees, points, closing costs and other loan terms.</p> <p>MCCs are available with conventional loans, fixed-rate loans, adjustable rate loans, FHA and VA loans, and privately insured loans. MCCs are not available with bond-backed loans (e.g., Single Family Bond Programs, Cal Vet Loans, CHFA). You may be able to use MCCs with the City or County First Time Home Buyer Program in target areas.</p> <p>Borrowers are subject to provisions of the Federal Tax Law for the recapture of all or a part of the subsidy provided by the Mortgage Credit Certificate Program.</p>
How Long Does the MCC Last?	As long as the home remains your principal residence and the original loan is not refinanced, the MCC will be in effect for the life of your mortgage loan. Each year, the credit certificate is calculated on the basis of (15%) fifteen percent of the total interest you paid on your mortgage loan that year.
Can I Refinance?	If you refinance your mortgage you will lose your MCC. You must then apply to have your MCC reissued, one time only.
What Kinds of Properties Are Eligible?	The MCC can only be used for owner-occupied single family residences (including condominiums and half-plexes) within the cities of Sacramento Elk Grove, Folsom, Isleton, Galt, Citrus Heights and County of Sacramento. You are responsible for finding your own home to purchase. No listing of homes, real estate agents, or builders are maintained by SHRA.
Where Is the Program Available?	The program is currently available anywhere within the County of Sacramento including the cities of Sacramento, Elk Grove, Folsom, Isleton, Galt, Citrus Heights, and the unincorporated areas of the County.
Federally Designated Target Areas	<p>The following census tracts are Federally Designated Target areas. In these areas the applicants do not need to be first-time buyers and higher income and sales price limits apply.</p> <p>0005.00, 0006.00, 0007.00, 0010.00, 0011.00, 0012.00, 0014.00, 0018.00, 0020.00, 0021.00, 0022.00, 0027.00, 0028.00, 0032.01, 0032.02, 0037.00, 0042.02, 0042.03, 0043.00, 0044.01, 044.02, 0045.00, 0046.01, 0046.02, 0047.00, 0049.03, 0050.02, 0051.03, 0052.01, 0053.00, 0062.02, 0064.00, 0065.00, 0066.00, 0067.02, 0068.00, 0069.00, 0070.01, 0096.05.</p>
For Additional Information:	Contact the Loan Processing Division (916) 264-1500, or visit our web site at www.shra.org .



Equal Housing Opportunity

COOPERATIVE AGREEMENT BETWEEN
THE COUNTY OF SACRAMENTO AND THE CITY OF SACRAMENTO

THIS COOPERATIVE AGREEMENT ("Agreement"), made and entered into as of January 7, 2003, by and between the County of Sacramento, a political subdivision of the State of California (the "County") and the City of Sacramento, a political subdivision of the State of California (the "City"),

WITNESSETH

WHEREAS, the County has determined to engage in a home mortgage finance and mortgage credit certificate program pursuant to Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") in connection with the construction, acquisition, rehabilitation or improvement of homes in the County, all are provided for in the Act (the "Program");

WHEREAS, the County, pursuant to the Act, has adopted a home finance program by Ordinance No. 1235, adopted on November 25, 1980, and has determined to cooperate with the City pursuant to the Act in the exercise of its powers under the Act for purposes of the Program;

WHEREAS, the City, pursuant to the Act, has adopted the Program and has determined to cooperate with the County pursuant to the Act in the exercise of its powers under the Act for purposes of the Program;

WHEREAS, the County has determined to finance the Program by the issuance of mortgage revenue bonds as authorized by the Act and/or mortgage credit certificates as authorized by the Internal Revenue Code of 1986 (the "Code");

NOW, THEREFORE, in consideration of the mutual covenants hereinafter provided, the parties hereto agree as follows:

Section 1. The terms used in this Agreement shall, for all purposes of this Agreement, unless otherwise defined herein, have the meanings assigned to such terms in the Act.

Section 2. The County agrees to undertake the Program and to issue mortgage revenue bonds and/or mortgage credit certificates pursuant to the Act and the Code from time to time to the extent that the county receives allocations from the State.

Section 3. The City hereby agrees to cooperate with the County in the exercise, jointly or otherwise, of its own powers for the purpose of financing home mortgages and/or mortgage credit certificates under the Program and by agreeing that the County shall exercise such powers to make or acquire home mortgages and issue mortgage credit certificates under the Program all as more specifically set forth in the Act, with respect to property located within the geographic boundaries of the City.

Section 4. The City agrees to undertake such further proceedings or actions as may be necessary in order to carry out the terms and the intent of this Agreement; provided, however, that nothing contained in this Agreement shall obligate the City to issue debt, acquire any interest in real property, expend or encumber funds or revenue, or take other similar actions. Nothing in this agreement shall prevent the County from entering into one or more agreements with other political subdivisions within the County, if deemed necessary and advisable to do so by the County.

Section 5. This Agreement may be amended by one or more supplemental agreements executed by the Count and the City at any time, except that no such amendment or supplement shall be made which shall adversely affect the rights of the holders of bonds or mortgage credit certificates issued by the County pursuant to the Act in connection with the Program.

Section 6. Nothing contained in this Agreement shall prevent the City in its own name from issuing mortgage revenue bonds and/or mortgage credit certificates pursuant to the Act and the Code, provided that such actions do not adversely affect the rights of the holders of bonds or mortgage credit certificates issued by the County.

Section 7. The term of this Agreement shall extend until the bonds or mortgage credit certificates issued from allocations are fully paid and retired, or shall terminate if bonds or mortgage credit certificates are not issued to finance the Program.

Section 8. This Agreement shall take effect from and after its adoption.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunder duly authorized, and their official seals to be hereunto affixed, all as of the day first above written.

COUNTY OF SACRAMENTO

By: _____
Chairman of the Board of Supervisors

[SEAL]

ATTEST

APPROVED AS TO FORM

By: _____
Clerk of the Board

By: _____
County Counsel

CITY OF SACRAMENTO

By: _____
Mayor

[SEAL]

ATTEST

APPROVED AS TO FORM

By: _____
City Clerk

By: _____
City Attorney



EXPANDED TEACHER HOME PURCHASE PROGRAM PROGRAM GUIDELINES

I PROGRAM DESCRIPTION

The California Debt Limit Allocation Committee adopted the Extra Credit Home Purchase Program whose purpose is to recruit and retain teachers, principals, and other credentialed staff members in low performing schools, county, continuation, low performing charter schools, and low performing school districts. The Sacramento City Council and the Sacramento Board of Supervisors have authorized the Expanded Teacher Home Purchase Program. The Expanded Teacher Home Purchase Program is a program designed to provide housing assistance to teachers, principals, and other credentialed staff members working in a low performing schools, continuation schools, charter schools, and low performing school districts. The program offers Mortgage Credit Certificates and Agency downpayment assistance.

II PROGRAM TERMS AND CONDITIONS

Eligible Teachers and Principals

Teachers and Principals must be fully credentialed and employed full-time in a low performing school, continuation, charter schools, or in a low performing school district, in the grade levels as authorized by his or her credential.

All eligible teachers and principals must agree to serve for a minimum of three years in a low performing school, continuation or charter schools, or in a low performing school district.

Eligible Credentialed Staff Members

Credentialed staff members who agree to serve in Low Performing School Disctricts for a minimum of three years are eligible for the program if they hold one of the following credentials: School Nurse Credential, Clinical or Rehabilitation Service Credential, Pupil Personnel Services Credential (e.g., School Counseling, School Social Work, School Psychology and Child Welfare and Attendance), Library Media Teacher Service Credential; Designated Subjects Vocational Education Teaching Credential.

Low Performing School

A low performing school is designated as a K-12 public school ranked in the bottom 50% based on the most recent Academic Performance Index (API) i.e. schools that have received an API statewide ranking of a 1,2, 3, 4 or 5.

Program Eligibility

The employing school district must complete and submit a "Program Eligibility Certificate" certifying that the applicant is eligible to participate in the program.

Other Requirements

The buyer must be a first-time homebuyer. This is defined as not having an ownership in a principal residence in the last three years. In federally designated target areas, this requirement does not apply.

The buyer must intend to occupy the home. The buyer's total household income must not exceed the following income and Purchase Price Limitations:

Maximum Annual Gross Income

1 or 2 person household	\$60,800
3 or more person household	\$69,920

There are a limited of certificates available at these income limits. Lower income limits of the HOME/CDBG funding sources may apply.

Maximum Purchase Price	<u>Non-Target Areas</u>	<u>Target Areas</u>
New Homes	\$260,613	\$318,528
Existing Homes	\$183,260	\$223,985

Property Location

The buyer may purchase a home anywhere within the County of Sacramento including the cities of Sacramento, Elk Grove, Folsom, Isleton, Galt, and the unincorporated areas of the County, subject to adoption of the program by these cities. The program can only be used for owner-occupied single family residences (including condominiums and half-plexes).

Properties that are tenant-occupied at the time of sale are not eligible for assistance under the Expanded Teacher Home Purchase Program. The property must be either vacant, occupied by the seller, or occupied by the buyer at the time the buyer first makes an offer on the property. The seller must provide a representations and warranties statement regarding the occupancy status of the property.

Federally Designated Target Areas

The following census tracts are Federally Designated Target areas. In these Target Areas the applicants do not need to be first-time buyers and higher purchase price limits apply.

5, 6, 7, 10, 11, 12, 14, 18, 20, 21, 22, 27, 28, 32.01, 32.02, 37, 42.02, 42.03, 43, 44.01, 44.02, 45, 46.01, 46.02, 47, 49.03, 50.02, 51.03, 52.01, 53, 62.02, 64, 65, 66, 67.02, 68, 69, 70.01, 96.05

The maps are attached to the program fact sheet.

III DOWNPAYMENT ASSISTANCE

The Agency is making downpayment assistance available in the amount of \$7,500. This consists of the First Time Homebuyer Program (FTHB) of \$5,000 and the Homebuyer Assistance Program (HAP) of \$2,500.

First-Time Homebuyer Program

The First-Time Homebuyer Program may be funded with HOME, Tax Increment funds, or Mortgage Revenue Bond funds. The HOME funds will be used for buyers that meet the 80% of median income limits, the Tax Increment funds may be used in the redevelopment areas having a special FTHB program with higher income limits, and the Mortgage Revenue Bond funds will be used in all other cases. However, in no case shall the income exceed the above stated income limits for the program.

Amount of Assistance – The amount of the assistance of the FTHB program will be \$5,000.

Form of Assistance – The assistance is in the form of a deferred/forgivable promissory note secured by a deed of trust on the property.

Interest rate – Five percent (5%) per annum, simple.

Term of Loan – Ten (10) years or due upon sale or refinancing of the property.

Repayment of Assistance – The loan shall be deferred for the first three years of the loan. If the teacher remains in the low-performing school for three years, the entire balance of principal and accrued interest of the FTHB loan shall be forgiven in the beginning of year four, upon confirmation that the service requirement has been met. If the service requirement has not been met, the principal and accrued interest would be forgiven incrementally over the remaining seven years of the loan at the rate of 14.28% per year.

Please refer to the California Debt Limit Allocation Committee's guidelines on exceptions to the three-year continuous employment requirement.

For consistency with the MCC guidelines, the first-time homebuyer status may be waived if the property is located in the federally designated target areas.

Please refer the First-Time Homebuyer Program Guidelines for other Program requirements.

Homebuyers Assistance Program (HAP)

The HAP Program will be funded with CDBG funds for those buyers that meet the 80% of median income limits of that program. MRB funds will be used for those buyers that exceed the 80% income limits.

Amount of Assistance - \$2,500

Form of Assistance – The assistance is in the form of a grant which does not need to be repaid.

In addition to providing funds for downpayment assistance and closing costs, the funds may be used as a direct principal reduction to reduce the mortgage amount.

Please refer to Homebuyer Assistance Program Guidelines for other requirements.

IV MORTGAGE CREDIT CERTIFICATES

Please refer to the Agency's Mortgage Credit Certificate Manual for full program guidelines and procedures.

The MCC reduces the amount of the Federal income tax the buyer pays, resulting in more available income to qualify for a mortgage loan and to make monthly mortgage payments.

How the MCC Works

Eligible buyers will receive a tax credit for (15%) fifteen percent of the annual interest paid on the mortgage loan. The amount of the credit will not be more than the buyer's annual federal income tax liability after all other credits and deductions have been taken into account. The buyer's ability to take full advantage of the tax credit will depend on the buyer's individual tax liability.

For Example:

The buyer obtains a mortgage loan of \$115,000 from a lender at an interest rate of (7.5%) seven and one-half percent for thirty (30) years. In the first year, the interest on this loan would amount to \$8,589. With a fifteen percent (15%) MCC, the borrower would receive a Federal income tax credit of \$1,288 or more after all other credits and deductions have been subtracted, the borrower would receive all the benefits of the MCC. The borrower would file a revised W-4

withholding form, and the Federal taxes would be reduced by \$107 per month (\$1,288 divided by 12).

The dollars saved in Federal taxes can go toward the monthly mortgage payment, effectively reducing the mortgage interest rate to an approximate initial rate of 6.125% based on cash flow available to the borrower. If the tax liability was under \$1,288—\$1,000 for example – the Federal income tax would be reduced by \$1,000.

V. PROGRAM APPLICATION AND TERMS

The interested homebuyer may apply to participate in the Expanded Teacher Home Purchase program by contacting any of the participating lenders. The Agency includes a list of participating lenders with the program fact sheet. The lender submits the program application forms to the Agency. The process is the same as the MCC process.

Program Eligibility

As mentioned earlier, the school district must complete and submit a "Program Eligibility Certificate" certifying that the applicant is eligible to participate in the program.

Program Fees

There is a total fee of \$225 for this program including a \$150 application fee and \$75 upon close of escrow. Under the MCC Program, the lender may also charge an additional \$50 for processing the MCC.

Mortgage Types

MCCs are available with FHA and conventional loans, fixed-rate loans, and adjustable rate loans. MCC's are not available with bond-backed loans (e.g., Single Family Bond Programs, Cal Vet Loans, CHFA).

Federal Recapture

For properties sold during the first nine years, borrowers are subject to provisions of the Federal Tax Law for recapture of all or a part of the subsidy provided by the Mortgage Credit Certificate Program.