

**QUESTIONS AND ANSWERS ON REFINANCING AND
REISSUE MCC'S**

1. How do I qualify to receive a Reissued MCC? Answer the following questions to see if you are qualified:

- a. Will this be the **first** refinancing of your original loan? Yes ___ No ___
- b. If *'NO'* an additional fee maybe charged for retrieving MCC/
RMCC historical information
- c. Will the residence for which the MCC was originally
issued continue to be occupied and used as your principal
place of residency? Yes ___ No ___
- d. Is the **Funding** Lender a Santa Cruz County Reissue
MCC Program Participating Lender? Yes ___ No ___

If you answered YES to *c. and d.* , then you may be qualified for a Reissued MCC.

2. Can I refinance and keep my MCC?

Under IRS regulations, the Housing Authority (within certain limitations) can reissue an MCC to MCC or RMCC Holders who refinance. The reissuance of an MCC is not automatic. You will need to apply through a Participating Lender, and the Housing Authority cannot guarantee that any particular MCC or RMCC Holder will be issued a new certificate.

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

Your MCC/existing RMCC becomes void when you refinance your original loan. You may, however, *apply for a Reissued MCC when you refinance your original MCC assisted loan or an RMCC assisted loan.*

4. What if my income has gone up?

No problem. You do not need to re-qualify 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. I have remarried since I got my RMCC. Does that affect my eligibility?

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

7. Our original MCC/ RMCC 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?

Yes. As long as at least one original MCC holder remains on the title, lives in the unit, and will be a borrower for the new RMCC assisted loan, they can obtain an RMCC.

QUESTIONS AND ANSWERS ON REFINANCING AND THE REISSUED MCC PROGRAM

8. My original loan is a variable rate. Can I still get a new RMCC?

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

9. Can I refinance into a Negative Amortization Loan or Potential Negative Amortization Loan?

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

10. Can I refinance for more than the original loan amount or include closing costs 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 Certified Indebtedness Amount of the Old Loan (the amount you still owe on the date of refinance). 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 determining the federal tax credit.

11. 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. MCC's issued in Santa Cruz County let you claim a tax credit of up to 20 percent of the interest you paid on the Certified Indebtedness Amount. In all cases, with respect to original MCC's issued by the Santa Cruz 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 original principal amount of your New Loan may differ. If the new Loan amount is higher, the Lender will calculate for you the 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. The maximum certified indebtedness amount is the remainder amount on the original loan or the amount associated with the new loan, whichever is less.

QUESTIONS AND ANSWERS ON REFINANCING AND THE REISSUED MCC PROGRAM

CONTINUED:

12. What is the term of the Reissued MCC?

The Reissued MCC is valid only until the date that the original MCC assisted loan is due. If you got a 30-year loan in June 1990, your last payment would have been due in June 2020. If your 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.

13. How much time do I have to apply?

The application and all required documentation must be received in our Santa Cruz County office within 365 days of the closing date of the New Loan (the refinancing). Applications received after December 15th in any calendar year may not receive a Reissue MCC prior to April 15th of the following year. Exceptions to the 365 days limit must be granted before application is submitted.

14. 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. A list of Lenders participating in the county's Reissued MCC Program is available from the Housing Authority. Any lender may participate in the Reissued MCC program if they sign a Reissued Lender Participation Agreement with the Housing Authority.

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

The total application fee is \$300 payable to the *Housing Authority of the County of Santa Cruz/RMCC Program*.

Documents to be Completed

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| 1. ___ RMCC APPLICATION FEE
(\$250 Check payable to Housing Authority of the County of Santa Cruz) | 10. ___ MRMCC APPLICATION AFFIDAVIT <u>notarized</u>
(MRMCC-1) |
| 2. ___ CERTIFIED HUD-1 SETTLEMENT STATEMENT
for NEW Loan to include CLOSING STATEMENT | 11. ___ CERTIFICATE OF RECEIPT OF NOTICE OF RECAPTURE TAX on sale of home (MRMCC-2) |
| 3. ___ A) Copy of ORIGINAL MORTGAGE CREDIT CERTIFICATE (Old Loan) MCC-10
B) Copy of ORIGINAL REISSUED MORTGAGE CREDIT CERTIFICATE RMCC-9
C) Copy of 1 st Page of ORIGINAL EXHIBIT A RMCC-5 | 12. ___ RMCC NOTICE TO MORTGAGOR OF MAXIMUM RECAPTURE TAX and METHOD TO COMPUTE RECAPTURE TAX on sale of home. (MRMCC-3) |
| 4. ___ Copy of executed OLD NOTE (if executed copy Not available, please attach explanation). | 13. ___ RMCC LENDER'S CLOSING CERTIFICATE
(MRMCC-4) |
| 5. ___ Copy of executed OLD DEED OF TRUST (if executed copy not available, please attach explanation). | 14. ___ Completed EXHIBIT A TO REISSUED MORTGAGE CREDIT CERTIFICATE and Insert A-1: "The Hypothetical Loan" (if applicable) (MRMCC-5) |
| 6. ___ Copy of NOTE, DEED OF TRUST for NEW loan. | 15. ___ OWNERSHIP CHANGE ADDENDUM
(MRMCC-7) |
| 7. ___ Copy of NEW LOAN APPLICATION | 16. ___ MULTIPLE RMCC CERTIFICATE (MRMCC-9) |
| 8. ___ Copies of most recent tax return or 3 mos. utility bills to evidence owner occupancy. | |
| 9. ___ Copy of PRELIMINARY TITLE REPORT with respect to the NEW Loan (verify existing RMCC is associated with loan to be refinanced) | |