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FOR IMMEDIATE RELEASE

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County Mortgage Credit Certificates Program Receives Bonus Funding from State

Program is Now Accepting Applications

SAN JOSE, CALIF.— The County of Santa Clara has recently received a bonus in the amount of \$446,224.75 from the State Mortgage Credit Certificate (MCC) program. The bonus funding allows the County to provide financial assistance to more qualified first-time home buyers in 2008. The County of Santa Clara Office of Affordable Housing has started to accept Mortgage Credit Certificate applications from Oct. 1, 2008. The allocation is estimated to serve 10-12 households, 25% of which are reserved for low income families.

"Buying a home can be challenging for many working families in Santa Clara County, especially in the current economic situation," said Supervisor Pete McHugh, Chair of the Board of Supervisors. "The Mortgage Credit Certificate Program has helped many qualified first time home buyers to increase their purchasing power. This is a real benefit in the Santa Clara County housing market."

MCC applicants will go through the normal process of choosing a realtor and finding a property. Once they find a property, they should arrange financing with one of the County's Participating Lenders. The lender will determine if the applicant is eligible, based on the applicants' income, purchase price, prior

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home ownership, location of property to be purchased, and potential tax liability. If an applicant meets the County MCC guidelines, the lender will fill out the MCC application forms for the applicants, and send them to the County.

"The Mortgage Credit Certificate reduces the amount of federal income tax the borrower must pay, which in turn, frees up income to qualify for a mortgage," said Marjorie Matthews, Director of the County's Office of Affordable Housing.

If a person was borrowing \$400,000 and the interest rate was 6 percent, he/she will be paying \$24,000 in interest. Take the interest and multiply by 15 percent, his/her savings under the Mortgage Credit will be \$3,600 dollars a year, which adds up over the life of the loan.

The applicants are also required to keep the same home and the original first mortgage and continue to live in the property as the primary residence. Once the property is no longer the primary residence, the applicants can not longer take the tax credit. If the applicants refinance their first loan, they will need to reapply to the County to get a reissued MCC. For more information, applicants can call the Office of Affordable Housing at (408) 441-4323 or email Tracy.Cunningham@ceo.sccgov.org. Applicants also may go to the office in person at 2310 North First Street, Suite 100, San Jose, California 95131.

House Purchase Price Limit

New homes: \$630,000

Existing units: \$570,000

Income Limit

1 or 2 persons household: \$94,500

3 or more persons household: \$108,675

Low Income Limit

1 or 2 persons household: \$63,300

3 or more persons household: \$72,795

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Background

The Mortgage Credit Certificate Program, authorized by Congress in 1984, provides financial assistance to first-time homebuyers. The Santa Clara County MCC tax credit reduces the federal income taxes of qualified borrowers purchasing qualified homes, thus having the effect of a mortgage subsidy. The current tax credit rate is up to 15%. The MCC will reduce the amount of federal income taxes that the Borrower pays; however, the mortgage tax credit cannot be claimed as a refund. MCC Borrowers may consider adjusting their federal income tax withholdings so as to benefit on a monthly basis from the MCC.

In January 2008, the State government allocated \$12,000,000 to the County. The amount has helped 64 families this year.

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