

What is the MCC?	<p>Virginia Housing's Mortgage Credit Certificate (MCC) is a certificate issued that allows the homebuyer to claim a dollar-for-dollar tax credit during a given tax year. This credit is applied to the borrower's annual federal tax liability based on a percentage of the mortgage interest paid.</p>
MCC Availability	<p>The number of MCCs available and the time they are available is limited. Virginia Housing will notify participating lenders of remaining MCC funds regularly.</p> <ul style="list-style-type: none"> • MCC Commitments: All MCC Commitments must be issued no later than October 15, 2024 or until funding for MCC is exhausted. • MCC Documentation: Virginia Housing loans must be submitted for purchase including all MCC documents by November 29, 2024. If consideration is given to originate a non-Virginia Housing loan with an MCC, all MCC documents must be submitted to Virginia Housing by November 29, 2024. It is important to ensure all closing documentation is provided immediately. Delays caused by the Originating Lender may prevent issuance of the MCC to the borrower. • MCC Issuance: All MCCs must be issued by December 31, 2024. It is the Originating Lender's responsibility not only in submitting the loan to Virginia Housing for purchase efficiently, but also to work diligently in clearing any conditions immediately. If this is not done, the Originating Lender may prevent issuance of the MCC to the borrower.
MCC Credit Rate	<p>10% of mortgage interest paid each year.</p>
Term / Length of Tax Credit	<p>Available for term of loan while property is borrower's primary residence.</p>
Use of MCC	<p>Borrower must have a federal tax liability to receive benefit of the tax credit. Unused tax credit may be carried forward for up to 3 years. Borrowers should consult a tax advisor regarding potential benefits of MCC.</p>
Re-issuance of MCC	<p>MCC will not be re-issued if loan is refinanced or title is transferred.</p>
Eligible First Mortgages	<ul style="list-style-type: none"> • Virginia Housing Conventional (non-bond) • Virginia Housing FHA Bond (non-bond) • Virginia Housing RHS Bond (non-bond) • Virginia Housing VA Bond (non-bond) • Non-Virginia Housing loans only if Virginia Housing gives approval for consideration for consideration of a non-Virginia Housing loan with an MCC) <p><u>Notes:</u></p> <ul style="list-style-type: none"> • MCCs are not eligible using Virginia Housing's bond programs because both the bond programs and MCCs use tax-exempt bond funds, which cannot be used on a transaction more than once. • The program guidelines for the eligible first mortgage programs above are not updated with MCC specific requirements since the MCCs are offered for a specified amount of time, so the Originating Lender must ensure all guidelines / requirements listed in the MCC Program Guidelines are met.
Ineligible First Mortgages	<ul style="list-style-type: none"> • Virginia Housing Conventional Bond • Virginia Housing Conventional No MI • Virginia Housing FHA Bond • Virginia Housing RHS Bond • Virginia Housing VA Bond
SPARC Eligible	<p>No.</p>

Plus Second Mortgage Eligible	Yes in accordance with Plus Second Mortgage guidelines and the first mortgage is a Virginia Housing Conventional or FHA (non-bond). MCC issued on first mortgage.								
DPA Grant Eligible	No.								
CCA Grant Eligible	No.								
First-time Homebuyer	<p>Required unless purchasing in a targeted area (applies to all borrowers). Borrowers are considered a first-time homebuyer if they have not owned and occupied a primary residence in the last 3 years.</p> <p>Acceptable documentation to evidence first-time homebuyer:</p> <ul style="list-style-type: none"> • The fully executed Programs Disclosure and Borrower Affidavit (Exhibit E) signed by all borrowers; • A completed Uniform Residential Loan Application (URLA); and • The credit report. <p><u>Note:</u> If unable to confirm from the MCC Exhibit E, the URLA, or the credit report all borrowers are a first-time homebuyer, additional documentation may be required, such as:</p> <ul style="list-style-type: none"> • Three years' federal tax returns / tax transcripts • Rent verification(s) • Other reports such as a Lender Data Integrity Report (Examples: Drive Report, FraudGuard, Loansafe) 								
Income Limits	<table border="1" data-bbox="565 814 1442 1003"> <tr> <td>Income Limit Type:</td> <td>Acceptable First Mortgage w/MCC (with or without Plus Second Mortgage)</td> </tr> <tr> <td></td> <td>Standard / bond limits</td> </tr> <tr> <td>Who to include:</td> <td>All household members</td> </tr> <tr> <td>What income to Include:</td> <td>All household member income</td> </tr> </table> <p>Click here to see Virginia Housing's Income Limits.</p> <p><u>Notes:</u></p> <ul style="list-style-type: none"> • See Origination Guide for more information on how to calculate household income, what income types must be included, and what may be excluded. See below for details on where income must be stated on the MCC Programs Disclosure and Borrower Affidavit. • Higher income limits may apply if the property is located in a targeted area. 	Income Limit Type:	Acceptable First Mortgage w/MCC (with or without Plus Second Mortgage)		Standard / bond limits	Who to include:	All household members	What income to Include:	All household member income
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Sales Price / Acquisition Cost Limits	<p>Refer to Virginia Housing Sales Price / Loan Limits. The limit is the highest of the gross loan amount(s), sales price, and acquisition cost. See Origination Guide for more information on how to determine acquisition cost.</p> <ul style="list-style-type: none"> • Virginia Housing Sales Price / Loan Limits apply (even when the standard conforming loan limit is higher). • The gross loan amount of the first mortgage (including any financed mortgage insurance premium, when applicable) and Virginia Housing second mortgage combined, if applicable, cannot exceed the Virginia Housing Sales Price / Loan Limits. • Higher sales price limits may apply if the property is located in a targeted area. 								
Maximum Loan Amount	<p>Maximum loan amount is the standard conforming loan limit. High-cost area limits do not apply.</p> <p><u>Note:</u> The standard conforming loan limit applies even when Virginia Housing Sales Price / Loan Limits are higher.</p>								
Eligible Purpose	Primary residence purchase (no refinances).								
MCC Homebuyer Application and Fact Sheet (Click here)	<p>Required.</p> <p>Must be executed by all borrowers. The Originating Lender's underwriter must execute or list their name and email.</p>								



MCC Programs Disclosure and Borrower Affidavit (Exhibit E)	<p>Pages 1 - 4 required. Income from all household members must be included on page 4.</p> <p><u>Note:</u> It is critical that the correct MCC Programs Disclosure and Borrower Affidavit is used with MCC language. The standard Programs Disclosure and Borrower Affidavit used for other programs is not acceptable.</p>
MCC Seller Affidavit (Exhibit F)	<p>Required.</p> <p><u>Note:</u> It is critical that the correct MCC Seller Affidavit is used with MCC language. The standard Seller Affidavit used for other programs is not acceptable.</p>
MCC Originating Lender's Loan Submission Cover Letter (Exhibit O)	<p>Required.</p> <p><u>Note:</u> It is critical that the correct MCC Originating Lender's Loan Submission Cover Letter is used with MCC language. The standard Originating Lender's Loan Submission Cover Letter used for other programs is not acceptable.</p>
MCC Originating Lender's Post-Closing Cover Letter (Exhibit P)	<p>Required.</p> <p><u>Note:</u> It is critical that the correct MCC Originating Lender's Post-Closing Cover Letter is used with MCC language. The standard Originating Lender's Post-Closing Cover Letter used for other programs is not acceptable.</p>
Recapture	<p>Loan is subject to recapture.</p>
Homebuyer Education	<p>Virginia Housing loans with an MCC:</p> <ul style="list-style-type: none"> • Required for all first-time homebuyers. • Complete Virginia Housing course, HUD Approved Counseling Agency course, Fannie Mae Framework, or Freddie Mac CreditSmart course prior to approval (Fannie Mae loans will accept Freddie Mac's CreditSmart course and Freddie Mac loans will accept Fannie Mae's Framework course). Fannie Mae's Homeview course is not acceptable. • Homebuyer Education Certificate is valid for 2 years. <p>Non-Virginia Housing loans with an MCC:</p> <p>Not required. Contact Virginia Housing for consideration of a non-Virginia Housing loan with an MCC.</p>
Tax Transcripts	<p>Follow first mortgage requirements.</p>
Business Use of Home	<p>No more than 15% of the financed dwelling may be used primarily in a trade or business. The borrowers must fully execute the Business Use of Home Certification if the borrower has disclosed that a part of the current residence is being used primarily for a trade or business or if there is any other evidence in the file, such as:</p> <ul style="list-style-type: none"> • The employment business address is the same as the borrower's current residence address and/or the borrower has marked yes for mixed-use property on the URLA, or • Federal tax returns are provided and show the "business in home" deduction was taken (Typically this shows on Schedule C, line 30). <p>The Business Use of Home Certification certifies that not more than 15% of the total living area of the subject property will be used primarily in a trade or business. If greater than 15% will be used in the subject dwelling then the borrower is not eligible.</p>
Maximum Net Worth	<p>Virginia Housing loans with an MCC:</p> <p>Cannot exceed 50% of sales price (See Origination Guide for more information).</p> <p>Non-Virginia Housing loans with an MCC:</p> <p>No requirement. Contact Virginia Housing for consideration of a non-Virginia Housing loan with an MCC.</p>
Minimum Credit Score	<p>Follow first mortgage requirements.</p>

Maximum DTI	Follow first mortgage requirements.
Qualifying with MCC	Virginia Housing allows adjustments to income for qualifying in accordance with the applicable GSE / insurer / guarantor requirements.
Non-Occupant Co-Borrowers	Not allowed.
Foreclosures / Deed in Lieu / Short Sales	Follow first mortgage requirements.
Property	<p>Property must be located in Virginia and must meet first mortgage requirements. Appraisal waivers are not permitted.</p> <p>Acreage:</p> <ul style="list-style-type: none"> • The maximum lot size is 2 acres. • Exceptions are considered > 2 up to 5 acres. The Lender's underwriter must review and render a decision on the acreage exception. See the Origination Guide for additional requirements and criteria. • No exceptions are allowed greater than 5 acres when a loan is originated with an MCC.
Unfinished Area	<p>The cost to complete unfinished areas that are suitable to finish in the property must be included in the acquisition cost on the MCC Exhibit E and MCC Exhibit F (Examples: Unfinished basement, lower level of a tri-level, etc.).</p> <p>See the Origination Guide for more information.</p>
Post-Closing Repairs	Follow first mortgage requirements.



<p>Who can originate the MCC program?</p>	<p>Special consideration is given to a selection of approved Originating Lenders to originate eligible loans listed above with an MCC. If you are unsure if you are eligible to participate, contact Virginia Housing.</p>
<p>Add an MCC to a Virginia Housing Loan</p>	<p>The MCC box must be checked in Virginia Housing’s LOS, Mortgage Cadence. It is the Originating Lender’s responsibility to ensure all MCC requirements are met.</p> <p>The Originating Lender must email MCCInfo@VirginiaHousing.com to check the MCC box on their behalf. Include the Virginia Housing loan number.</p>
<p>MCC Lender Fee</p>	<p>Lenders may charge up to \$250 as an MCC Lender Processing Fee (fees must be disclosed).</p>
<p>MCC Virginia Housing Administration Fee (Non-Virginia Housing Loans Only)</p>	<p>If consideration is given to originate a non-Virginia Housing loan with an MCC, there is a \$750 MCC Administration Fee that is required to be paid to Virginia Housing. Lender must deliver fee to:</p> <p>Virginia Housing Attn: Homeownership Operations / MCC 601 S. Belvidere Street Richmond, VA 23220</p>
<p>Submission for MCC Commitment (Pre-Closing) – Virginia Housing Loans</p>	<p>Delegated Loans:</p> <ul style="list-style-type: none"> • Confirm the MCC box in Mortgage Cadence is checked (if it is not checked, contact Virginia Housing as noted above). • After delegated submission through Virginia Housing’s LOS (Mortgage Cadence), Underwriter uploads the MCC Homebuyer Application and Fact Sheet (signed by the borrower(s) and underwriter). • Virginia Housing will process the request and send notification to the lender via email that the MCC Commitment is available in Mortgage Cadence. <p>Non-Delegated Loans:</p> <ul style="list-style-type: none"> • Confirm the MCC box in Mortgage Cadence is checked (if it is not checked, contact Virginia Housing as noted above). • Underwriter uploads the MCC Homebuyer Application and Fact Sheet (signed by borrower(s) and the underwriter) separately from all other documents required for submission to Virginia Housing Underwriting (including, but not limited to, the MCC exhibits) into Mortgage Cadence. • Virginia Housing will process the request after the loan is reviewed by Virginia Housing Underwriting and found to be acceptable. Notification will be sent to the lender via email that the MCC Commitment is available in Mortgage Cadence. <p>*Do not upload MCC documents to the MCC EDT Portal on Virginia Housing loans.</p>

<p>Submission for MCC Commitment (Pre-Closing) – Non-Virginia Housing Loans</p>	<p>If consideration is given to originate a non-Virginia Housing loan with an MCC, upload required documents (see below) to MCC EDT Portal.</p> <p>Required Documents:</p> <ul style="list-style-type: none"> • MCC Homebuyer Application and Fact Sheet • MCC Programs Disclosure and Borrower Affidavit (Exhibit E) • MCC Seller Affidavit and Acknowledgment (Exhibit F) • MCC Originating Lender’s Submission Cover Letter (Exhibit O) • Loan Application (URLA) used to underwrite • Credit Report • Lender Data Verification Report (If available; Examples: Drive Report, FraudGuard, Loansafe) • Income Documentation used to calculate maximum household income • Divorce Decree / Separation Agreement (if applicable) • Sales Contract • Appraisal (Appraisal waivers not allowed)
<p>Submission for MCC Issuance (Post-Closing) – Virginia Housing Loans</p>	<p>Include all MCC exhibits, including, but not limited to, the Originating Lender’s Post Closing Cover Letter (Exhibit P) and signed Recapture Notice as well as all other documents required for submission to Virginia Housing after the loan has closed (The Loan Stacking Form does not include all MCC required documents; it is the Originating Lender’s responsibility to ensure all required documents are submitted).</p>
<p>Submission for MCC Issuance (Post-Closing) – Non-Virginia Housing Loans</p>	<p>If consideration is given to originate a non-Virginia Housing loan with an MCC, upload remaining required documents (see below) to MCC EDT Portal.</p> <p>Required Documents:</p> <ul style="list-style-type: none"> • Closing Disclosure • Note • Transfer Deed or Deed of Bargain and Sale • Final Loan Application (URLA) • MCC Originating Lender’s Post Closing Cover Letter (Exhibit P) • Signed Recapture Notice <p>Also include the MCC Administration Fee for \$750 to Virginia Housing.</p>
<p>Important: Refer to the MCC Program Guide for all program guidelines and procedures.</p>	

The information contained herein (including but not limited to any description of Virginia Housing and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.