

# MCC Re-introduction FAQs



## > How many MCCs are being introduced?

The number of MCCs and the time they are available is limited. At re-introduction of the MCC program April 1, 2024, there is approximately \$3.8 million in the MCC allocation. Virginia Housing will notify participating lenders of remaining MCC funds regularly.

## > Is the credit still 10%?

Yes, the credit remains at 10% that can be claimed for the life of the loan as long as the borrower lives there.

## > How is the MCC allocation dollar amount determined?

The allocation of MCC funds used for each mortgage is 10% of the total loan amount, therefore it is not a specific number of loans, but a dollar amount. For example, a mortgage with a total loan amount of \$250,000 uses \$25,000 of the MCC allocation.

## > What Virginia Housing programs are eligible to be used with an MCC?

Virginia Housing's non-bond purchase programs including Conventional, FHA, VA and RHS. All Virginia Housing MCC requirements must be met, including but not limited to first-time homebuyer (unless purchasing in a targeted area), standard income limits (targeted income limits for targeted areas), and standard sales price limits (targeted sales price limits for targeted areas). Non-Virginia Housing purchases with an MCC may be considered as long as all MCC requirements are met. Contact Virginia Housing for more information.

## > Are MCCs offered on Virginia Housing's bond programs?

No, MCCs are not allowed on Virginia Housing's bond programs. Both the bond and MCC programs use tax-exempt bond funds, which can't be used twice on one transaction so that's why Virginia Housing's bond programs are not eligible to be used with an MCC.

## > MCC Commitments must be issued by what date?

All MCC Commitments must be issued no later than October 15, 2024, or until funding for MCCs is exhausted.

## > MCC closing documentation must be submitted by what date?

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.

## > MCCs must be issued by what date?

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 not, the Originating Lender may prevent issuance of the MCC to the borrower.

> **Can the higher expanded income limits announced in December 2023 for Virginia Housing's non-bond programs be followed if using an MCC?**

No, the expanded income limits cannot be used to determine if household income is acceptable when using a Virginia Housing non-bond program with an MCC. All household member income must be within Virginia Housing's standard income limit (or targeted area income limit if in a targeted area) for all loans originated with an MCC.

> **Even though Virginia Housing's non-bond programs now only include qualifying income in household income as announced in December 2023, is the same true when using a Virginia Housing non-bond loan with an MCC?**

No, all household member income must be included when using an MCC regardless of the mortgage type (Virginia Housing non-bond loan or non-Virginia Housing loan). The household income must be within the standard income limit (targeted income limit if in a targeted area), not the higher expanded income limit. It is not just qualifying income compared to the income limit like it is for a non-bond loan without an MCC.

> **Can the repeat homebuyer flexibility announced in December 2023 for Virginia Housing's non-bond programs be followed?**

No, all borrowers must be a first-time homebuyer when using a Virginia Housing non-bond program or non-Virginia Housing loan with an MCC, unless purchasing in a targeted area.

> **Are Virginia Housing's DPA or CCA Grants eligible to be used with an MCC?**

No, since Virginia Housing's non-bond programs aren't eligible to be used with a Virginia Housing grant, the MCC also can't be used with a Virginia Housing grant.

> **Is Virginia Housing's Plus Second Mortgage eligible to be used with an MCC?**

Yes, Virginia Housing's Plus Second Mortgage is eligible to be used with an MCC as long as the first mortgage is a Virginia Housing Conventional or FHA first mortgage.

> **Is SPARC eligible to be used with an MCC?**

No, since Virginia Housing's non-bond programs aren't eligible to be used with SPARC, the MCC also can't be used with SPARC.

> **Is homebuyer education required for loans with an MCC?**

Homebuyer education is required for all first-time homebuyers when originating a Virginia Housing loan. Homebuyer education is not required on non-Virginia Housing loans with an MCC.

> **Is the borrower subject to recapture tax?**

Yes, the borrower is subject to recapture tax but only if the home is sold for a profit within the first 9 years and the borrower's income increases significantly. Watch [What is a Federal Recapture Tax](#) video for more information.

> **Is there an incentive being paid to lenders that participate in the MCC program for each MCC originated with a Virginia Housing loan?**

No, there is no incentive being paid for Virginia Housing loans with an MCC.

> **Can the lender charge a fee to the homebuyer for the MCC?**

Yes, the lender can charge up to \$250 as an MCC processing fee (fee must be disclosed).

> **Is the MCC Application and Fact Sheet still required to be submitted when the loan is cleared to close to obtain the MCC Commitment?**

Yes, the MCC Application and Fact Sheet must be uploaded to Mortgage Cadence for Virginia Housing loans with an MCC when the loan is cleared to close. If using a non-Virginia Housing loan, follow the documentation requirements for submission prior to close.

> **Are the Borrower and Seller Affidavits required when using the MCC even though Virginia Housing's non-bond programs don't require them except pages 1 – 2 of the Borrower Affidavit?**

Yes, Virginia Housing's MCC Programs Disclosure and Borrower Affidavit and MCC Seller Affidavit must be used. Non-MCC Borrower and Seller Affidavits are not acceptable when originating a loan with an MCC.

> **Are Exhibits O and P required when using the MCC even though Virginia Housing's non-bond programs don't require them?**

Yes, both MCC Exhibits O and P in addition to the MCC Borrower and Seller Affidavits are required. Non-MCC Exhibits O and P are not acceptable when

> **Virginia Housing removed the maximum acreage requirement for non-bond programs in December 2023. Does this acreage flexibility apply to non-bond loans originated with an MCC?**

No, the maximum is 2 acres, with consideration up to 5 acres as an exception for all loans originated with an MCC.

> **Are all of Virginia Housing's non-bond program guidelines updated to include MCC requirements?**

No, the lender is responsible for following the more restrictive of the MCC and non-bond program guidelines. If there is a Plus Second Mortgage, those guidelines must be adhered to also.

> **Is Virginia Housing's website updated with MCC information?**

Most of Virginia Housing's webpages and material are not updated to reflect the remaining MCCs available since the funding is limited. MCC program guidelines and forms are available on the web. The program guidelines can be found here: [Archive Program Information](#); and the MCC forms can be found here: [Archive Forms and Documents](#). The resources for homeowners with an MCC continues to be available and can be found here: [Homeowner Resources](#).

> **What is the benefit to using a non-bond Virginia Housing loan with an MCC compared to Virginia Housing's bond programs?**

MCCs offer a 10% credit when a homeowner files their federal income taxes each year. Virginia Housing recommends speaking to a tax advisor to learn more information.