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City of Los Angeles Housing Department (LAHD)

Low Income Purchase Assistance (LIPA) Program

American Dream Downpayment Initiative (ADDI) Program

and

Mortgage Credit Certificate (MCC) Program

# Low Income Purchase Assistance (LIPA) and American Dream Down Payment Initiative (ADDI) Programs

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- A key goal of the LIPA and ADDI programs is to assist low income homebuyers purchase an eligible home in the City of Los Angeles.
  
- Program Allocation - HOME funds for LIPA - \$2,114,305  
CalHome funds for LIPA - \$1,500,000  
ADDI funds - \$836,069
  
- Program funds may be utilized **Citywide** in the City of Los Angeles.

# LIPA and ADDI

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- All LIPA and ADDI funds must be used to assist Low Income households earning at or below 80% of the Area Median Income (AMI).

# LIPA and ADDI

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- The property must be located in the City of Los Angeles.
- To determine if a property is located in the City of Los Angeles you may check:
  - [www.lacity.org](http://www.lacity.org) – Click on the Neighborhood Resources box and type the property address. If the property is located in the City of Los Angeles, it will show that it is located within Council Districts 1 – 15.
  - [Zimas.lacity.org](http://Zimas.lacity.org) – Check property address by typing House Number and Street Name then Go. Then Click on Report. If the property comes up, it is located in the City of Los Angeles.
  - Properties located in the white-shaded portion of the Thomas Guide Map Book.
  - Refer to LAHD's List of City of LA Communities Handout.

# LIPA

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LIPA and ADDI loan funds may be used towards:

- Half of the down payment required by the first mortgage Lender
- Closing costs of up to 5% of the purchase price
- Gap financing for the purchase

# LIPA and ADDI Loan Limit

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**LIPA Purchase Assistance Limit: Up to \$60,000**

**ADDI Purchase Assistance Limit: 6% of the purchase price or \$10,000; whichever is greater**

**Homebuyers may apply for both the LIPA and ADDI programs.**

**LIPA and ADDI Maximum Purchase Price/Home Value: \$313,500**

**IMPORTANT NOTE: LAHD's combined LIPA and ADDI loan may NOT be greater than the First Mortgage.**

**No rehabilitation/repair funds are available under these programs.**

# LIPA and Program Requirements

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- Eligible properties are limited to:
    - Condominiums, Townhomes, or Planned Unit Developments (PUD) built between 1979 – 2010
    - Single family homes built between 2000 - 2010
    - Standard Sales
    - **Approved** Short Sales. Unapproved short sales **are not** eligible.
    - Foreclosed homes and REOs.
    - One (1) unit properties only.
    - Property must be located within the City of Los Angeles.
    - Property cannot be tenant occupied.
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# LIPA and ADDI LAHD Property Inspection

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- ❑ All properties applying under the LIPA and ADDI programs will be inspected by LAHD to ensure that the property is up to Code.
- ❑ LAHD does not charge for the LAHD Property inspection.
- ❑ Properties with illegal additions or structures **will not** be eligible.
- ❑ All property deficiencies identified by the LAHD property inspection will have to be repaired or cured during escrow by the Buyer or Seller at their own expense.
- ❑ LAHD does **not** offer any rehabilitation/repairs funds under the LIPA and ADDI programs.
- ❑ LAHD's property inspection is for LAHD purposes only.

# LIPA Program Requirements

## Cont.

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- LAHD strongly encourages homebuyers to seek their own and separate home inspection from a qualified Home Inspector for their own protection, and to help them assess the physical condition of the property they are purchasing.
  
- All purchase contracts must have the proper contingencies, including, but not limited to:
  - LAHD, or its designee, will perform a property inspection to determine if the property is up to Code.
  
  - Contingent upon receiving City financing.

# LIPA and ADDI Applicant Requirements

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- Applicant must meet the following:
  - Be a first-time homebuyer, defined as someone who has **not** had an ownership interest in any real property at any time during the last three (3) years.
  - The Applicant may **not** have claimed a deduction for mortgage interest and/or property taxes on any real property on their tax returns for the last three (3) years.
  - Earn at or below 80% of the area median income.
  - All Applicants must complete eight (8) hours of homebuyer education from an LAHD approved education provider.
  - Occupy the acquired property as their Primary Residence.

# LAHD Approved Homebuyer Education Providers

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Eight (8) hours of homebuyer education must be obtained through one of the following providers:

- LA Neighborhood Housing Services (LANHS)
- East L.A. Community Corporation (ELACC)
- Korean Churches for Community Development (KCCD)
- New Economics for Women (NEW)
- Shalom Center
- West Angeles Community Development Corporation (WACDC)

# LIPA and ADDI Maximum Annual Income Limits

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LAHD Income Table based on HUD limits; Up to 80% of Area Median Income (AMI) by Household Size (as of 05/14/10). Subject to Change

## 2010 MAXIMUM INCOME LIMITS PER HOUSEHOLD SIZE\*

	1 PERSON	2 PERSONS	3 PERSONS	4 PERSONS	5 PERSONS	6 PERSONS	7 PERSONS	8 PERSONS
Low Income	\$46,400	\$53,000	\$59,650	\$66,250	\$71,550	\$76,850	\$82,150	\$87,450

\* For larger household sizes, please contact LAHD

# LIPA and ADDI Income Guidelines

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- ❑ The gross income of all adults 18 years of age or older who are part of the household must be included.
- ❑ Household size will be determined by the Borrowers and their dependents claimed on their federal tax returns.
- ❑ Other household members who are not claimed as Dependents on the Applicant's federal tax returns will have to provide supporting documentation to prove that they are part of the household.
- ❑ LAHD will run the credit report of all household members 18 years of age or older who claim not to receive any type of income. LAHD requires that these household members submit an LAHD No Income Certification and Credit Check Authorization Forms.
- ❑ Lender must **project** the total gross (before any deductions have been taken) income of the household for the next 12 months.

# LIPA and ADDI Income Guidelines Cont.

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- Types of income that must be counted and included to determine program eligibility.
  1. Gross wages, salaries, overtime pay, commissions, fees, tips, royalties, and bonuses.
  2. Net income from the operation of a business, profession, business activities, and investments.
  3. Interest, dividends, and other net income of any kind from real or personal property.
  4. Social Security, VA compensation, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts.
  5. Unemployment, disability compensation, worker's compensation, and severance pay.
  6. Welfare Assistance.
  7. Alimony and child support.
  8. All regular pay, special pay, and allowances of a member of the Armed Forces.

# LIPA and ADDI Loan Features

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- ❑ Deferred, requiring no monthly payments.
- ❑ Loan is due upon the sale of property, title transfer, first mortgage repayment, or when borrower no longer occupies the property as his/her primary residence.
- ❑ Shared appreciation applies to the LIPA and ADDI loans.
- ❑ LIPA and ADDI may be used in combination with the City's Mortgage Credit Certificate (MCC) Program.
- ❑ Loan may be used to pay for closing costs of up to 5% of the purchase price.

# LIPA and ADDI Down Payment Requirement

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- LIPA and ADDI loan can provide up to half (1/2) of the first mortgage's down payment requirement.
  - For example, FHA requires a 3.5% down payment so the City's down payment contribution would be a maximum of 1.75% if FHA financing is utilized.
  - A Conventional mortgage may require a 10% down payment so the City's down payment contribution would be a maximum of 5% if conventional financing is utilized.
- The City requires that borrowers contribute a minimum down payment of **1% of the purchase price** from the **Borrower's own funds**. Please note that the borrowers may need to contribute more than 1% of their own funds towards the down payment to complete the purchase.

# Down Payment Requirement Cont.

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- Borrowers must contribute 80% of all liquid assets towards the down payment of their home in excess of \$20,000.
  - Retirement assets are exempt from this rule.
- For example, if a buyer has \$25,000 in non-retirement liquid assets, the buyer would be required to contribute only \$4,000  
(\$25,000 - \$20,000 = \$5,000 x 80% = \$4,000)
  - If the 80% rule applies, the minimum required down payment will be the greater of the 80% rule or 1% of the purchase price.
- This is the minimum requirement; borrowers have the option to contribute additional funds towards the purchase.
- Borrowers must contribute the greater of the 80% assets rule or 1% of the purchase price.

# Closings Costs and Gap Financing

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- Although the City may only contribute half of the required down payment, the City's LIPA and ADDI loan can also provide assistance for Closing Costs and Gap Financing (acquisition financing).
- EXAMPLE: FHA LOAN REQUIRING A 3.5% DOWN PAYMENT

Purchase Price	\$300,000
Closing Costs	<u>\$ 9,000</u>
<b>TOTAL FUNDS NEEDED</b>	<b>\$309,000</b>

**REQUIRED DOWN PAYMENT BY FIRST MORTGAGE Lender - \$10,500 (3.5% of purchase price)**

First Mortgage	\$228,750	
Minimum Buyer Down Payment (1% of the purchase price)	\$ 3,000	
LAHD Down Payment Portion	\$ 5,250	(Half of required DP)
LAHD Closing Costs Portion	\$ 9,000	
LAHD Gap Portion	\$ 42,750	
LAHD ADDI Loan Portion (6% of the purchase price)	\$ 18,000	
Shortfall/Buyer's additional down payment contribution	<u>\$ 2,250</u>	
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$309,000</b>	
<b>LAHD's LIPA Loan Above is</b>	<b>\$57,000</b>	
<b>LAHD's ADDI Loan Above is</b>	<b>\$18,000</b>	

# Shared Appreciation

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- LAHD's Percentage Share is the percentage of LAHD's Purchase Assistance (gap) loan to the total purchase price of the property.
- Upon the sale of property, transfer of title, repayment of the first mortgage, of other repayment trigger, the shared appreciation will be due to LAHD based on the ratio of the LAHD loan to the home purchase price.
- Example:  
Assume that the buyer purchased the home for \$250,000. In the future, the property is sold and valued at \$400,000. The LAHD's share of appreciation will be calculated as follows:

# LIPA and ADDI

## Shared Appreciation Example

### Example:

LAHD ADDI Loan	\$ 18,000	
LAHD LIPA Loan	\$ 57,000	
Property Purchase Price	\$300,000	
LAHD's Total Shared Appreciation Percentage (LIPA plus ADDI)	25.00%	(\$75,000/\$300,000)
Sales Price (in the future, for example purposes)	\$450,000	
Original Purchase Price	<u>(\$300,000)</u>	
Appreciation	\$150,000	
Amounts Due to LAHD:		
LAHD ADDI Loan	\$18,000	
LAHD LIPA Loan	\$57,000	
LAHD's Total Shared Appreciation (LIPA plus ADDI)	<u>\$ 37,500</u>	(25% of \$150,000)
Total Due to LAHD for Purchase Assistance & Shared Appreciation	\$112,500	
Purchase Price (in the future)	\$450,000	
Less the Assumed Balance of First Mortgage	<u>(\$151,939)</u>	
	\$298,061	
Less the Payment to LAHD Principal & Shared Appreciation	<u>(\$112,500)</u>	
Gross Funds Remaining to the Owner	\$185,561	

# LIPA Underwriting Criteria

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- ❑ Minimum middle FICO score required for each Borrower: 620
- ❑ Ratios:
  - Borrower's maximum housing expense to income: NONE
  - Borrower's minimum Debt-to-Income; 38.00%
  - Borrower's minimum Debt-to-Income: 36.00% if the Borrower has \$0 debt
  
  - Borrower's maximum Debt-to-Income (DTI); 42.00% **(up to 50.00% with documented compensating factors acceptable to LAHD)**.
- ❑ Eligible 1st Mortgages:
  - FHA and Conventional, fixed, 30 to 40 year, fully amortized.
- ❑ Combined Loan-to-Value (CLTV) Maximum: 105.00%

# Borrower's Compensating Factors

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Lender's may exceed 42.00% back-end ratio (**up to a maximum of 50.00%**), if **two (2)** or more of the following Compensating Factors apply:

- Middle credit score of 700 or higher for at least one borrower.
- Borrower investing more than 3% of their own funds as down payment.
- Monthly debt less than \$50 AND total debt less than \$2,500.
- Five years on the same job or in the same line of work.
- Cash reserves of at least 3 months PITI after loan closes.
- Low payment shock; PITI no more than 20% of the borrower's present housing payment.
- Other. Evaluated by LAHD on a case-by-case basis

# LIPA Process

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1. Buyer is prequalified by a Participating Lender for the first mortgage and the LIPA and ADDI Programs.
2. Buyer hires a licensed Real Estate Agent and searches for an eligible property in the City of Los Angeles.
3. Buyer negotiates the purchase of the property with the proper contingencies.
4. Seller accepts Buyer's purchase offer and purchase contract is fully executed by Seller and Buyer.
5. Lender submits a LIPA/ADDI Loan Reservation Request Form to LAHD via fax at 213-808-8515.

# LIPA Process Cont.

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6. LAHD issues a Loan Reservation. The Loan Reservation is valid for 30 calendar days.
7. Lender submits to LAHD a complete LIPA and ADDI Loan Application with all required attachments before the Reservation Due Date and no later than three weeks (21 calendar days) **before** the escrow closing date. LAHD does not charge an Application fee for the LIPA and ADDI loans.
8. LAHD reviews the loan application for eligibility. With a **complete** loan application, LAHD takes approximately 3 weeks to process and fund the loan.
9. LAHD processes the loan and issues a Loan Approval Letter to the Lender.
10. LAHD issues a funding check and sends it to Title or Escrow for the close of escrow.

# LIPA and ADDI Reservation Process

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- ❑ When a homebuyer finds an eligible property and executes a purchase contract with a seller, the Lender submits a Loan Reservation Request to LAHD via fax to (213) 808-8515.
- ❑ LAHD issues Reservations on a first-come, first-served basis.
- ❑ LAHD notifies Lenders via fax on the status of all Reservation requests submitted, as soon as possible, but no later than seven (7) business days from the date Reservation request was received.
- ❑ After submission of a Reservation Request, LAHD issues a Reservation number to track the reservation. The Reservation is valid for 30 calendar days.

# LIPA Reservation Process

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- In order to request a Reservation, a Lender must submit all of the following documentation to LAHD:
  1. LAHD LIPA/ADDI Loan Reservation Request Form
  2. A fully-executed, seller-accepted Purchase Agreement with proper contingencies
  3. LAHD LIPA/ADDI Property Inspection Request Form
  4. LAHD's LIPA/ADDI Loan Worksheet
  
- Once LAHD issues a Reservation, a Lender will have **30** calendar days to submit to LAHD a complete LAHD LIPA/ADDI loan application/package with all necessary attachments. Should the 30-day expiration date fall on a non-City business day, the application is due on the **prior** business day. LAHD does not grant any extensions and does not offer funding for any property without an active and valid Reservation.

# Mortgage Credit Certificate (MCC) Program

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- ❑ The City's MCC Program started on June 7, 1994.
- ❑ LAHD has issued over 1,500 MCCs for a total of \$132 million of MCC authority.

# How did the City get an MCC Program?

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- The City applied to the State of California Debt Limit Allocation Committee (CDLAC) for the authority to issue MCCs in the City and was granted a \$26,582,984 authorization to be utilized by December 31, 2011.

# What is an MCC?

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- ❑ An MCC is a Mortgage Credit Certificate made available to eligible first time homebuyers through a qualified MCC program.
- ❑ The MCC is a federal tax credit that allows eligible homebuyers to claim an annual federal income tax credit.
- ❑ This annual credit results in a dollar-for-dollar tax reduction applied towards the homebuyers federal income tax obligation. The MCC credit is either 15% or 20% (depending on the property location and census tract) and is calculated based on the total mortgage interest paid every year for the duration of the first mortgage loan.
- ❑ The homebuyer may consider adjusting his/her federal income tax withholding to receive the benefit from the credit on a monthly basis. In this case, the homebuyer may re-file a W-4 form with his/her employer reflecting the MCC Credit. By taking this action, the number of allowances will increase, thus reducing the amount of taxes withheld and increasing the homebuyer's disposable or take home income.
- ❑ The homebuyer also has the option to wait until the end of the year and realize the tax credit savings in one lump sum when filing the federal income tax return.

# What is a tax credit and what is a deduction?

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- ❑ **Tax Credit:** Subtracted from the total federal income taxes due, on a dollar-for-dollar basis.
- ❑ **Deduction:** Subtracted from the adjusted gross income before federal income taxes are computed.

# How is the Credit calculated?

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- The MCC Credit is calculated as follows:

$$\frac{\text{Mortgage Amount} \times \text{Note Rate} \times \text{MCC \%}}{12 \text{ (months)}}$$

Example:  $\frac{\$300,000 \times 6.00\% \times 15\%}{12} = \$2,700 \text{ annual credit}$

The MCC credit amount above is \$2,700 annually or \$225 monthly.

# What does the MCC do for the Homebuyer?

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- ❑ A tax credit entitles a taxpayer to subtract the amount of the credit from his/her total federal taxes owed, allowing the taxpayer to receive a dollar-for-dollar savings.
- ❑ The reduction in taxes owed benefits the homebuyer by reducing federal income tax due every year for the life of the loan.
- ❑ Increases the homebuyer's spendable income to help qualify for a higher first mortgage.
- ❑ The MCC increases a homebuyer's borrowing and purchasing power.

# What happens to the mortgage interest deduction?

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The homebuyer is eligible to deduct the remaining annual mortgage interest not claimed for a credit.

- For example, if a homebuyer pays \$10,000 of mortgage interest and claims a 15% mortgage interest credit (\$1,500), the homebuyer can still deduct 85% (\$8,500) of the remaining mortgage interest as a deduction on Schedule A.

# Who qualifies for an MCC?

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## MCC ONLY

- ❑ The applicant must occupy the acquired property as a Principal Residence.
- ❑ The acquired property must be in the City of Los Angeles.
- ❑ The applicant must meet income and purchase price limits.
- ❑ If the applicant is applying only for an MCC they need to meet the following first time homebuyer definition:
  - The applicant may not have held an ownership in a Principal Residence within the past three (3) years; and
  - The Applicant may not have claimed a deduction for mortgage interest or property taxes on real property claimed as a Principal Residence.
- ❑ EXCEPTION: If a homebuyer purchases a property in a targeted area/census tract, the homebuyer does not have to be a first time homebuyer as defined above.

# MCC Income and Purchase Price Limits

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## Annual Income Limits

1-2 Household Members	3 or more Household Members
\$95,160 Non-Targeted Area	\$109,434 Non-Targeted Area
\$95,160 MCC Targeted Area	\$111,020 MCC Targeted Area

## Purchase Price Limits

<u>Non-Targeted Areas</u>	<u>MCC Targeted Areas</u>
Existing SFR: \$637,646	Existing SFR: \$779,345
New SFR: \$637,646	New SFR: \$779,345

## What are Eligible Properties under the MCC Program?

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- Both existing and new properties are eligible.
- One (1) unit single family detached homes.
- Condominiums.
- Planned unit developments (PUD).
- Townhomes.

# Household Income

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- Income of all applicants shall be included in the gross income calculation for the program.
  
- Income of all other adult household members shall be included in the gross income calculation for the program.

# Household Income- cont'd

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- ❑ **Gross Household Income:** Annualized gross income by taking current, average gross monthly income (at time of application) and multiplying by 12 (before deductions).
- ❑ **Other income that must be included in the calculation:** Wages, salaries, commissions, tips, part-time pay, overtime pay, net rental income, fees, bonuses, dividends and interest (including tax exempt), royalties, pensions, alimony, child support, public assistance, sick pay, social security benefits, VA compensation, income from trusts, income from business activities or investments and unemployment compensation.
- ❑ **For self-employed, commissioned, etc:** The Lender's method of projecting income based on average of last two years should be applied but add the income in categories above.

# MCC Program Down payment and Underwriting Requirements

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- ❑ LAHD does not underwrite the loan if the applicant is applying for an MCC only.
- ❑ The MCC Program does not have a down payment requirement.
- ❑ The MCC Program does not have a maximum total obligations-to-income (back-end) ratio.
- ❑ **IMPORTANT NOTE:** If a homebuyer applies for an MCC in combination with an LAHD Purchase Assistance loan, down payment requirements will apply and the loan will be underwritten by LAHD.

# What are the Mortgage Requirements?

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- ❑ Must be a New Mortgage; no refinances
- ❑ Acceptable Mortgages:
  - 30 or 40 year fixed, fully amortized
  - VA
  - FHA
  - Fannie Mae
  - Freddie Mac
- ❑ The following Mortgages are prohibited:
  - CalHFA
  - Cal Vet
  - Qualified mortgage bond
  - Qualified veterans mortgage bond
  - Interest only
  - ARM's
  - Negative amortization.
- ❑ No interest on the mortgage amount may be paid to a person who is a related person.
- ❑ The MCC is not transferable. If the mortgage is assumed by a subsequent purchaser, the applicant may apply for a new MCC under certain circumstances.

# Target Areas

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- ❑ Determined by the IRS based on income, housing conditions, ownership, and other factors.
- ❑ Designated by census tract.
- ❑ Purchase price limits are higher.
- ❑ Applicants do not have to be first time homebuyers if they purchase a property in a MCC target area.
- ❑ The list of targeted census tracts is available from LAHD.

## Example of Borrower Federal Income Tax Savings with MCC

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Purchase Price	\$450,000
Loan Amount	\$436,500
Interest Rate	6.00%
Loan Term	30 year fixed
Monthly Payment (P&I)	\$2,617
Monthly Interest Payment	\$2,183
Monthly Principal	\$434

### With 15% MCC Credit

Annual Loan Interest	\$26,190
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**Annual Credit @ 15% of Interest** **\$3,929**

Remaining Mortgage Interest Deduction/Write-off	\$22,261
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# Example of MCC Impact on Purchase Price

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	Without MCC	With 15% MCC	Difference
Purchase Price	\$401,500	\$450,000	\$48,500

# Example of MCC Impact on Back-End Ratio: Freddie Mac

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Purchase Price		\$450,000
Downpayment		\$13,500
Mortgage		\$436,500
Interest Rate	6.00%	
	30 Yr. Fixed	
Principal & Interest		\$2,617
Taxes		\$469
Hazard Insurance		<u>\$94</u>
Total PITI		\$3,180
Monthly Income		\$6,665
Monthly Debt		\$250
Back-End Ratio without MCC	51.46%	
MCC Credit (15%- Non Target Area)		\$327
MCC Adjustment (PITI less MCC Credit)		\$2,853
Back-End Ratio with MCC	<b>46.56%</b>	

# Example of MCC Impact on Back-End Ratio: Fannie Mae

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Purchase Price		\$450,000
Downpayment		\$13,500
Mortgage		\$436,500
Interest Rate	6.00%	
	30 Yr. Fixed	
Principal & Interest		\$2,617
Taxes		\$469
Hazard Insurance		\$94
Total PITI		\$3,180
Monthly Income		\$6,665
Monthly Debt		\$250
Back-End Ratio without MCC	51.46%	
MCC Credit (15%- Non Target Area)		\$327
MCC Adjustment (MCC Credit plus Monthly Income)		\$6,992
Back-End Ratio with MCC	<b>49.06%</b>	

# What is Recapture?

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- In January 1991 this rule was implemented.
  
- The IRS recaptures some of the benefits to the borrower if certain conditions apply.

# When does Recapture Tax apply?

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- A borrower may be subject to recapture of the federal mortgage subsidy if they meet all of the following conditions:
  - When the borrower sells or transfers the home within the first 9 years after the date they close their mortgage loan.
  - When the borrower sells or disposes of their home at a gain (determined by the IRS form on gain from sale of a single-family residence, whether or not the gain is rolled over).
  - When the borrower's household income for the year in which they sell/dispose the home, is more than that year's adjusted qualifying income for their family size for that year.

# MCC Phases

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- ❑ Lender must attend a training session held by LAHD.
- ❑ In order to participate in the MCC Program, the Lender must execute the MCC Lender Participation Agreement.
- ❑ Commitment Phase.
- ❑ Closing Phase.
- ❑ Monitoring Phase.

Basic Rules:

No white outs

No changes without borrower's knowledge

Live/wet signatures on tax forms

The MCC is issued after the loan closes.

# Commitment Phase

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- Applicant:
  - Applies for loan and MCC through a LAHD Participating Lender.
  - Pays \$250 application fee to Lender.
- Lender:
  - Determines initial eligibility.
  - Submits:
    - MCC Application to LAHD.
    - Non-refundable check for \$150 application fee (payable to City of L.A.) Lender may keep \$100.

# Commitment Phase (cont'd)

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## □ LAHD:

- Reviews Eligibility.
- Confirms and/or denies Commitment.
- Issues MCC Commitment during escrow.

MCC Commitment period is valid for 60 calendar days on existing properties or 90 calendar days for new construction.

# Closing Phase

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- Applicant:
  - Signs Closing Affidavit.
- Lender:
  - Approves and closes loan and notifies the City.
  - Submits:
    - Closing Affidavit
    - HUD-1 (certified to be a true and correct copy).
    - Recapture Tax Notice
    - Seller's Affidavit
- LAHD:
  - Reviews Closing Documents.
  - Issues Mortgage Credit Certificate.

# Monitoring Phase

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- Lender:
  - Must file IRS Form 8329 annually by January 31.
  - Retain all records for six (6) years.
  
- LAHD:
  - Must file IRS Form 8330 quarterly.
  - Must file Annual Program Report.
  
- The MCC expires upon the earlier of:
  - Revocation (e.g. upon discovery by the City or a Participating Lender of any material misstatement whether negligent or fraudulent).
  - Refinance of the original mortgage
  - Transfer of ownership
  - When the Residence ceases to be the principal residence of the MCC Holder(s).
  
- If the MCC Holder refinances the original mortgage, they are able to apply for a Reissued Mortgage Credit Certificate (RMCC) through LAHD in order to keep the tax credit. This may be done only once.

# Where to Get More Information

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- ❑ Refer to handouts
- ❑ Visit LAHD's website at: <http://lahd.lacity.org> and click on the *Home Buyers* link
- ❑ Call LAHD's general Homeownership Unit at (213) 808-8800

# LAHD Program Contacts

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Name	Telephone	Email
Tim Donis	(213) 808-8972	tdonis@lahd.lacity.org
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