

## Recapture

Recapture is an IRS rule that may increase the amount of tax you pay when you sell your home. The amount of recapture will depend on the year in which you sell, your income that year, and the amount of gain you receive from the sale. If you sell the house more than nine years after the closing date, you will not have to pay additional taxes. Your lender can provide more details.

## For More Information

Your participating lender or realtor can provide you with program information. For a list of participating lenders, contact:

**Alameda County  
Housing & Community  
Development Department**

(510) 670-5799

**For hearing impaired call**

(510) 265-0253

[www.co.alameda.ca.us/MCC\\_program/index.htm](http://www.co.alameda.ca.us/MCC_program/index.htm)



Alameda County Community Development Agency  
HOUSING & COMMUNITY DEVELOPMENT DEPARTMENT  
224 West Winton Ave., Room 108, Hayward, California 94544-1215

# Help for First Time Home Buyers



**Alameda County  
MORTGAGE  
CREDIT  
CERTIFICATE  
PROGRAM**

## MCCs Can Help!

A Mortgage Credit Certificate (MCC) can help first-time home buyers purchase a home in Alameda County.

Through the use of an MCC, eligible home buyers increase their ability to qualify for a mortgage loan and reduce their effective mortgage interest rate approximately 1.5 percentage points.

MCC recipients may take 15% of their annual mortgage interest payments as a dollar-for-dollar tax credit against their federal income taxes. The home buyer adjusts federal income tax withholdings, increasing income available to pay the mortgage.

The Mortgage Credit Certificate Program is being coordinated by the Alameda County Housing and Community Development Department (HCD) in cooperation with the following cities:

- Albany
- Alameda
- Berkeley
- Dublin
- Fremont
- Emeryville
- Hayward
- Livermore
- Newark
- Oakland
- Pleasanton
- San Leandro
- Union City
- Unincorporated Alameda County

## How the MCC Benefits The Home Buyer

A home buyer with an 7% fixed rate 30-year mortgage of \$300,000 would pay approximately \$20,900 in interest payments for the first year. With an MCC, up to \$3,135 (15% of \$20,900) of the interest could be taken as a tax credit against the home buyer's federal income taxes, effectively reducing the monthly mortgage payment, and helping the home buyer qualify for and support a mortgage.

	No MCC	MCC
<b>Interest Rate</b>	7.0%	7.0%
<b>Term</b>	30	30
<b>Monthly P&amp;I</b>	\$1996	\$1996
<b>MCC Rate</b>	0	15.0%
<b>Monthly Credit</b>	0	\$261
<b>"Effective" P&amp;I</b>	NA	\$1735
<b>Effective Interest</b>	NA	4.7%

## Who Qualifies?

### First Time Home Buyers

The home buyer can not have owned a principal residence within the last three years.

### Income

**The home buyer's total household income cannot exceed:**

- \$82,200 for a 1 or 2 person household
- \$94,530 for a 3 or more person household

## Owner Occupancy

The home buyer must live in the house being purchased with an MCC-assisted mortgage.

## Eligible Properties

An MCC may be used for the purchase of new or existing single-family homes including single-family detached homes, mobile homes, condominiums, townhouses, or duplexes. Three or more unit properties are not eligible for MCC-assisted mortgages.

## Purchase Price

The purchase price of the house cannot exceed:

- \$592,765 for new units (never previously occupied)
- \$569,632 for existing units (resale)

## Additional Requirements

### City of Berkeley

MCC-assisted purchases cannot displace tenants.

## How To Apply For An MCC

To obtain an MCC, the home buyer selects a real estate agent, locate an eligible property, signs a purchase agreement, and arranges financing with a participating lender (a list of participating lenders can be obtained from HCD). The home buyer pays a non-refundable application fee of \$500.00. The lender determines home buyer eligibility and forwards the MCC application to HCD for approval.