



Homeownership Program Bulletin

November 9, 2017

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To: CalHFA Approved Lenders

Proposed Federal Tax Reform and the Uncertainty of Mortgage Credit Certificate Program

The Mortgage Credit Certificate program provides benefits to first-time homebuyers by increasing affordability through a federal tax credit. Unfortunately, the current version of the proposed tax reform (H.R. 1) will impact the availability of affordable housing programs serving both homeownership and rental markets. Should the tax reform pass as proposed, it will eliminate CalHFA's ability to issue Mortgage Credit Certificates. Page 74 of the U.S House Republicans' Tax Reform plan (H.R. 1), released Friday, November 3, 2017, states:

“(k) TERMINATION.—No credit shall be allowed under this section with respect to any mortgage credit certificate issued after December 31, 2017.”

Due to the uncertain outcome of this reform plan, CalHFA is implementing the following guidelines:

- 1) A Mortgage Credit Certificate (MCC) may not be used for credit qualifying purposes for any CalHFA first mortgage loan reserved on or after Friday, November 17, 2017. Lenders may continue to reserve MCCs for non-credit qualifying purposes until CalHFA's MCC allocation has been exhausted. Please note item 3 below.
- 2) CalHFA first mortgage loans not closed by December 18, 2017, in which an MCC was used for credit qualifying purposes, may be subject to re-underwriting and requalifying without the MCC.
- 3) All loans must be closed and the MCC package must be submitted and cleared of deficiencies by eHousingPlus on or prior to December 18, 2017 so that MCC certificates may be issued prior to year-end. There is no guarantee that MCC certificates can be issued for any submission after December 18, 2017.

We will continue to update CalHFA-approved lenders as developments arise.

For questions about this bulletin, contact CalHFA Single Family Lending Division by phone 916.326.8033 or by email at SFLending@calhfa.ca.gov. Plus you can always visit CalHFA's website at: www.calhfa.ca.gov or Single Family Lending Division directly at www.calhfa.ca.gov/homeownership. CalHFA thanks you for your business and we look forward to continuing to support your affordable housing loan needs.