

WHOLESALE BULLETIN

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY

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17W-108

Attention: Business Development Managers & Mortgage Brokers

November 14, 2017

Please take a moment to read the important information contained in this bulletin.

Included in this Bulletin: **Mortgage Credit Certificates Proposed Tax Bill**

Due to the **Proposed** Federal Tax Reform, there is uncertainty of the future of the Mortgage Credit Certificate ("MCC") programs which provide benefits to first-time homebuyers by increasing affordability through a federal tax credit. Unfortunately, the current version of the House Bill includes elimination of the MCC program, and currently reflects an effective date of December 31, 2017. As the legislative process moves forward, it is unclear what the ultimate impact the tax reform efforts will have on MCCs. Given these uncertainties, both TDHCA and CalHFA have already issued their direction to lenders and we suspect other MCC offering agencies may as well.

CalHFA MCC Policy:

- According to [Program Bulletin #2017-13](#) CalHFA has announced that all CalHFA MCCs must be reserved prior to **Friday, November 17, 2017**.
- All loans with a CalHFA MCC must be submitted and cleared of any deficiencies by or prior to December 18, 2017. In order to meet the CalHFA deadline, the final closing date must be no later than **Friday December 1, 2017** to ensure all requirements are met.

TDHCA MCC Policy:

- Lenders are not to use MCC income for qualifying a borrower unless you know for certain the loan will close by December 31, 2017, and that TDHCA will issue the MCC.
- Provide all current and new applicants with the updated Notice to Applicant.

All OTHER MCCs:

- Advise all borrowers who want an MCC that it is a possibility, based on pending federal legislation, that the program may be eliminated December 31, 2017. If the loan has not funded by December 31, 2017 and the bill is passed, the loans may be subject to re-underwriting and re-qualifying without an MCC.

Until further instructed, MWF will continue monitor the updates regarding the proposed draft bill. As we receive updates, the information will be shared.

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