

**DOWN PAYMENT ASSISTANCE PROGRAMS
THROUGH LOS ANGELES COUNTY COMMUNITY DEVELOPMENT
COMMISSION**

**COVINA IS A PARTICIPATING CITY
IN THE
HOP, MCC and SCHAFA PROGRAMS**

Please check the LA CDC website at www.lacdc.org to determine if funds are available. It is required that qualifying households attend a mandatory Homebuyer Education Seminar and obtain a certificate of completion.

HOP PROGRAM ELIGIBILITY REQUIREMENTS

- The borrower must be a first-time homebuyer and meet income limits. The home must be owner-occupied.
- Household income cannot exceed 80% of the County Median Income for Los Angeles County.
- The loan is secured by a second Trust Deed and Promissory Note.
- Borrower must invest a minimum of 1% of the down payment, not including closing costs.
- Borrower must complete an 8-hour homebuyer education seminar from an approved HUD counseling agency.
- CDC reserves the right of shared equity and the First Right of Refusal.
- The maximum purchase price allowed for existing or new homes is: **Single-Family Homes and Condominiums/Townhomes \$362,790**
- See other requirements on the CDC webpage at www.lacdc.org

HOME OWNERSHIP PROGRAM (HOP)

The Home Ownership Program (HOP) is financed with HOME funds provided through the U.S. Department of Housing and Urban Development (HUD) and is subject to the applicable federal regulations. HOP is designed to meet the needs of low-income families with the necessary down payment assistance. This program will provide a 2nd Trust Deed loan at 0% interest with all payments deferred until sale, transfer, refinancing, no longer owner-occupied, or full repayment of the first mortgage.

HOP loans are available in the unincorporated areas of Los Angeles County and cities participating in the Community Development Block Grant (CDBG) Urban County Program. HOP loan provides \$60,000 for all first-time buyers to assist with down payment and closing costs.

The County's HOP Program is available for existing, new construction, approved short sales and real estate owned (REO) properties.

INCOME LIMITS

Income Limits for the [HOP](#) Programs

L.A. County Median Income Guidelines
80% COUNTY MEDIAN INCOME

No. of Persons in Household	Income Limits
1	\$47,250
2	\$54,000
3	\$60,750
4	\$67,450
5	\$72,850
6	\$78,250
7	\$83,650
8	\$89,050

*Income not to exceed maximum amount per family size.

MORTGAGE CREDIT CERTIFICATE (MCC)

WHAT IS AN MCC?

The MCC Program offers the first-time homebuyer a federal income tax credit. This tax credit reduces the federal taxes the holder of the certificate pays. It can also help the first-time homebuyer qualify for a loan by allowing a lender to reduce the housing expense ratio by tax savings.

The qualified homebuyer who is awarded an MCC may take an annual credit against their federal income taxes paid on the homebuyer's mortgage. The credit is subtracted dollar-for-dollar from his or her federal income taxes. The qualified buyer is awarded a tax credit of up to 15% with the remaining 85% taken as a deduction from the income in the usual manner.

HOW DO I APPLY?

The County does not make loans. You, the homebuyer, go through the normal process of choosing a realtor, finding a house, condominium, townhouse, mobile home or two unit properties (duplex) and arranging financing with a participating lender. **Find a participating lender on the CDC webpage at www.lacdc.org. If you and the home you are buying are eligible, the lender fills out the MCC application forms for you, and sends them to the County for review.** If approved, the County will then issue an MCC.

After you receive your MCC, you can take the income tax credit every year, as long as you keep the original first mortgage and continue to live in the house as your principal home.

INCOME TAX DETAILS

The MCC reduces the amount of federal income taxes due to the federal government from the homebuyer. If the MCC credit is greater than the homebuyer's tax liability, the IRS will allow the credit to be carried over for the next three years.

You may wish to adjust your federal income tax withholding to receive the MCC benefit monthly. Talk to your payroll

department at your place of work. By reducing your monthly withholding, you will have more disposable (after-tax) income for mortgage payments.

If you have any questions about how your taxes will be affected, you should contact your tax accountant, or the IRS, at (800)TAX-1040.

MORTGAGE CREDIT CERTIFICATE ELIGIBILITY REQUIREMENTS

To be eligible, you must meet these three criteria:

1. First-Time Homebuyer

Those who have NOT owned a principal residence within the past three years. The home you are buying must be owner-occupied.

2. Income Limit (There are target and non-target areas*)

Size of Household

Maximum Income

	15% Tax Credit Non-Target Area	15% Tax Credit Target Area
1-2 persons	\$99,360	\$99,360
3 or more	\$115,920	\$115,920

2. Purchase Price

	Non-Target Area	Target Area
New homes	\$673,615	\$823,308
Existing homes	\$673,615	\$823,308

*See the CDC website at www.lacdc.org for a listing of the target areas.

