



INFORMAL STAFF REPORT

MEMORANDUM

To: President and Honorable Board Members,
Corpus Christi Business and Job Development Corporation

Thru: Constance Sanchez, Type A Board Executive Director ^{CPB}
E. Jay Ellington, Interim Assistant City Manager ^{EJE}

From: Rudy Bentancourt, HCD Director ^{RB}

Date: October 12, 2016

Subject: Action Request Item – Utilization of EEM and MCC with the Type A Homebuyer Assistance Program

City Council Action Item Request

During the September 19, 2016 Type A Board Meeting, an inquiry was made as to whether the EEM and MCC Programs could be used with the Type A Homebuyer Assistance Program.

Background & Findings

The FHA Energy Efficient Mortgage (EEM) Program is available through FHA approved lenders only. The EEM Program is suitable for first time homebuyers. The maximum amount of the energy package that can be added to the borrower's regular FHA loan amount is the lesser of;

- A cost-effective improvements to be made (based upon an energy assessment); or
- The lesser of 5% of the adjusted value, 115% of the median area price of a Single Family Dwelling

FHA permits the borrower's ratios to be stretched by two percentage points above the standard limit, which allows a borrower to qualify for a higher loan amount to cover the cost of improving the energy efficiency of a home.

The EEM Program can be used with the Type A Homebuyer Assistance Program and the HOME Program closing cost assistance. The FHA EEM will be a 1st lien mortgage and the cost of making the home energy efficient is rolled into the loan.

The Mortgage Credit Certificate (MCC) Program, is available for first time homebuyers only or if the applicant hasn't had ownership in a property for over three (3) years. This program applies to low to moderate income homebuyers only. Tax savings will be as much as \$2,000 per year for each year the family resides in the house and makes mortgage payments.

The MCC Program can be used with the Type A Homebuyer Assistance Program, however it is not eligible to be used with the HOME Program closing cost assistance. The homeowner can apply for the MCC Program after closing. There is a \$750, non-refundable processing fee.

Conclusion

The EEM Program can be used with the Type A Homebuyer Assistance Program and the HOME Program closing cost assistance. The MCC Program can be used with the Type A Homebuyer Assistance Program, however, cannot be used with the HOME Program closing cost assistance.