

Mortgage Credit Certificate

The Mortgage Credit Certificate (MCC) reduces the amount of federal income tax the borrower must pay, which in turn, frees up income to qualify for a mortgage. Every homebuyer can claim an itemized federal income tax deduction for the mortgage interest paid each year on a mortgage loan. The MCC allows the borrower to take a tax credit equal to 40% of the annual interest paid on the mortgage loan. The remaining (60%) of the mortgage interest will continue to qualify as an itemized tax deduction. The specific dollar amount of the tax credit depends on how much interest the borrower pays on a mortgage loan. The amount of the credit cannot be more than their annual federal income tax liability after all other credits and deductions have been taken into account. In no case can the tax credit exceed \$2,000 per year.



To receive an immediate benefit from the MCC, the borrower must file a revised W-4 withholding form with their employer, which should reduce their yearly tax contribution and increase the borrower's take-home pay.



Features of the MCC Program

- Lender follows guidelines depending upon which type of loan is utilized
- Can be used with Fannie Mae conventional, fixed-rate, adjustable rate, FHA, VA, and RD financing. MCC may also be combined with MHC's Smart Solution.
- Can also be used as a stand alone with Freddie Mac



Program Requirements:

- Property must be owner-occupied
- Property must be primary residence
- Must be a single family residence
- Manufactured home must be HUD approved
- Borrower must own or purchase land on which the manufactured home will be sited
- Cost of home must be within maximum acquisition cost limits for county in which property is located
- Borrower must have available the following:
 - a.) \$300 non-refundable reservation fee to participate in the program
 - b.) Sales contract including a legal description of the property
 - c.) Federal Income Tax returns for the past three years, and any other documents required by the lender
 - d.) Homebuyer education certificate showing completion of classroom or online course



Who is eligible:

- First-time homebuyers or persons who have not owned a principal interest in a residence in the past 3 years
- Certain areas of the state called "Target Areas" are exempt from the "first time homebuyer" rule
- Maximum annual income of household members may not exceed certain income limits

Sample MCC Tax Credit Worksheet

Loan Amount Financed	\$150,000.00
Interest Rate:	x 4.50%
Annual Mortgage Interest	6,750.00
MCC Percentage	x 40%
	= \$2,700.00*

* Limited by the IRS to \$2,000 per year.
Remaining \$700 can be carried forward to the next year.



MCC INCOME LIMITS

Applications as of 4/12/2021		MCC INCOME LIMITS					
COUNTY	TARGET	1 to 2	3+	COUNTY	TARGET	1 to 2	3+
Adams	*	\$72,000	\$84,000	Leflore	*	\$72,000	\$84,000
Alcorn	NT/T	\$60,000/\$72,000	\$69,000/\$84,000	Lincoln		\$60,000	\$69,000
Amite	*	\$72,000	\$84,000	Lowndes	NT/T	\$61,700/\$74,040	\$70,955/\$86,380
Attala	*	\$72,000	\$84,000	Madison	NT/T	\$73,900/\$88,680	\$84,985/\$103,460
Benton	*	\$72,000	\$84,000	Marion		\$60,000	\$69,000
Bolivar	NT/T	\$60,000/\$72,000	\$69,000/\$84,000	Marshall	*	\$72,000	\$84,000
Calhoun	*	\$72,000	\$84,000	Monroe	*	\$72,000	\$84,000
Carroll		\$60,000	\$69,000	Montgomery	*	\$72,000	\$84,000
Chickasaw	*	\$72,000	\$84,000	Neshoba		\$60,000	\$69,000
Choctaw		\$60,000	\$69,000	Newton		\$60,000	\$69,000
Claiborne	*	\$72,000	\$84,000	Noxubee	*	\$72,000	\$84,000
Clarke		\$60,000	\$69,000	Oktibbeha		\$67,100	\$77,165
Clay	*	\$72,000	\$84,000	Panola	*	\$72,000	\$84,000
Coahoma	*	\$72,000	\$84,000	Pearl River		\$60,100	\$69,115
Copiah	*	\$88,680	\$103,460	Perry	*	\$72,000	\$84,000
Covington		\$60,000	\$69,000	Pike	*	\$72,000	\$84,000
Desoto		\$68,700	\$79,005	Pontotoc		\$60,000	\$69,000
Forrest	NT/T	\$60,000/\$72,000	\$69,000/\$84,000	Prentiss	*	\$72,000	\$84,000
Franklin	*	\$72,000	\$84,000	Quitman	*	\$72,000	\$84,000
George	*	\$74,640	\$87,080	Rankin		\$73,900	\$84,985
Greene	*	\$77,880	\$90,860	Scott		\$60,000	\$69,000
Grenada		\$60,000	\$69,000	Sharkey	*	\$72,000	\$84,000
Hancock		\$60,600	\$69,690	Simpson		\$60,000	\$69,000
Harrison		\$60,600	\$69,690	Smith		\$60,700	\$69,805
Hinds	NT/T	\$73,900/\$88,680	\$84,985/\$103,460	Stone	*	\$72,000	\$84,000
Holmes	*	\$72,000	\$84,000	Sunflower	*	\$72,000	\$84,000
Humphreys	*	\$72,000	\$84,000	Tallahatchie	*	\$72,000	\$84,000
Issaquena	*	\$72,000	\$84,000	Tate		\$65,100	\$74,865
Itawamba		\$60,000	\$69,000	Tippah		\$60,000	\$69,000
Jackson		\$64,100	\$73,715	Tishomingo		\$60,000	\$69,000
Jasper		\$60,000	\$69,000	Tunica	*	\$72,000	\$84,000
Jefferson	*	\$72,000	\$84,000	Union		\$60,000	\$69,000
Jefferson Davis	*	\$72,000	\$84,000	Walthall	*	\$72,000	\$84,000
Jones	NT/T	\$64,200/\$77,040	\$73,830/\$89,880	Warren		\$60,000	\$69,000
Kemper	*	\$72,000	\$84,000	Washington	*	\$72,000	\$84,000
Lafayette		\$73,400	\$84,410	Wayne	*	\$72,000	\$84,000
Lamar		\$60,000	\$69,000	Webster		\$60,000	\$69,000
Lauderdale	NT/T	\$60,000/\$72,000	\$69,000/\$84,000	Wilkinson	*	\$72,000	\$84,000
Lawrence	*	\$72,000	\$84,000	Winston	*	\$72,000	\$84,000
Leake	*	\$72,000	\$84,000	Yalobusha		\$60,000	\$69,000
Lee		\$71,900	\$82,685	Yazoo	*	\$72,000	\$84,000

* Persons buying in these counties are eligible to use this product & do not have to be first time homebuyers. In the other counties, buyers must not have owned or had an interest in a principal residence in the last 3 years.

NT/T - Split counties which have both non-target & target areas. Aquisition Limits: \$309,000 (targeted areas) / \$258,000 (non-target areas)