

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 or Freddie Mac conventional, fixed-rate, adjustable rate, FHA, VA, and RD financing.
- May be combined with MHC's Smart6 program at 30-year fixed rate.
- Can be used as a stand alone product with 15, 20, 25, or 30 year term



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



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

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.



Revised August 14, 2023

MCC INCOME LIMITS

Effective as of 6/16/2023		MCC INCOME LIMITS					
COUNTY	TARGET	1 to 2	3+	COUNTY	TARGET	1 to 2	3+
Adams	*	\$86,160	\$100,520	Leflore	NT/T	\$71,800/\$86,160	\$82,570/\$100,520
Alcorn	NT/T	\$71,800/\$86,160	\$82,570/\$100,520	Lincoln	NT/T	\$71,800/\$86,160	\$82,570/\$100,520
Amite	*	\$86,160	\$100,520	Lowndes	NT/T	\$78,500/\$94,200	\$90,275/\$109,900
Attala	*	\$86,160	\$100,520	Madison	NT/T	\$79,900/\$95,880	\$91,885/\$111,860
Benton	*	\$86,160	\$100,520	Marion	NT/T	\$71,800/\$86,160	\$82,570/\$100,520
Bolivar	NT/T	\$71,800/\$86,160	\$82,570/\$100,520	Marshall	*	\$86,160	\$100,520
Calhoun	*	\$86,160	\$100,520	Monroe	NT/T	\$71,800/\$86,160	\$82,570/\$100,520
Carroll		\$76,500	\$87,975	Montgomery	*	\$86,160	\$100,520
Chickasaw	*	\$86,160	\$100,520	Neshoba		\$71,800	\$82,570
Choctaw		\$71,800	\$82,570	Newton	NT/T	\$71,800/\$86,160	\$82,570/\$100,520
Claiborne	*	\$86,160	\$100,520	Noxubee	*	\$86,160	\$100,520
Clarke	NT/T	\$71,800/\$86,160	\$82,570/\$100,520	Oktibbeha	NT/T	\$74,200/\$89,040	\$85,330/\$103,880
Clay	*	\$86,160	\$100,520	Panola	*	\$86,160	\$100,520
Coahoma	*	\$86,160	\$100,520	Pearl River	NT/T	\$76,000/\$91,200	\$87,400/\$106,400
Copiah	*	\$86,160	\$100,520	Perry	*	\$86,160	\$100,520
Covington	NT/T	\$71,800/\$86,160	\$82,570/\$100,520	Pike	*	\$86,160	\$100,520
Desoto		\$81,000	\$93,150	Pontotoc		\$72,800	\$83,720
Forrest	NT/T	\$79,000/\$94,800	\$90,850/\$110,600	Prentiss	*	\$86,160	\$100,520
Franklin	*	\$86,160	\$100,520	Quitman	*	\$86,160	\$100,520
George	*	\$86,160	\$100,520	Rankin		\$79,900	\$91,885
Greene	*	\$86,160	\$100,520	Scott	*	\$86,160	\$100,520
Grenada	NT/T	\$71,800/\$86,160	\$82,570/\$100,520	Sharkey	*	\$86,160	\$100,520
Hancock	NT/T	\$72,200/\$86,640	\$83,030/\$101,080	Simpson		\$71,800	\$82,570
Harrison	NT/T	\$72,200/\$86,640	\$83,030/\$101,080	Smith		\$72,800	\$83,720
Hinds	NT/T	\$79,900/\$95,880	\$91,885/\$111,860	Stone	*	\$86,160	\$100,520
Holmes	*	\$86,160	\$100,520	Sunflower	*	\$86,160	\$100,520
Humphreys	*	\$86,160	\$100,520	Tallahatchie	*	\$86,160	\$100,520
Issaquena	*	\$86,160	\$100,520	Tate		\$71,800	\$82,570
Itawamba		\$72,200	\$83,030	Tippah		\$71,800	\$82,570
Jackson	NT/T	\$85,300/\$102,360	\$98,095/\$119,420	Tishomingo		\$71,800	\$82,570
Jasper	NT/T	\$71,800/\$86,160	\$82,570/\$100,520	Tunica	*	\$86,160	\$100,520
Jefferson	*	\$86,160	\$100,520	Union		\$72,600	\$83,490
Jefferson Davis	*	\$86,160	\$100,520	Walthall	*	\$86,160	\$100,520
Jones	*	\$86,160	\$100,520	Warren	NT/T	\$75,300/\$90,360	\$86,595/\$105,420
Kemper	*	\$86,160	\$100,520	Washington	*	\$86,160	\$100,520
Lafayette	NT/T	\$76,200/\$91,440	\$87,630/\$106,680	Wayne	*	\$86,160	\$100,520
Lamar	NT/T	\$79,000/\$94,800	\$90,850/\$110,600	Webster	NT/T	\$76,200/\$91,440	\$87,630/\$106,680
Lauderdale	NT/T	\$71,800/\$86,160	\$82,570/\$100,520	Wilkinson	*	\$86,160	\$100,520
Lawrence	*	\$86,160	\$100,520	Winston	*	\$86,160	\$100,520
Leake	*	\$86,160	\$100,520	Yalobusha		\$71,800	\$82,570
Lee		\$85,600	\$98,440	Yazoo	*	\$86,160	\$100,520

* 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: \$332,000 (targeted areas) / \$275,000 (non-target areas)