

# 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



## 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.



Applications as of 4/24/2020		MCC INCOME LIMITS					
COUNTY	TARGET	1 to 2	3+	COUNTY	TARGET	1 to 2	3+
Adams	*	\$71,280	\$83,160	Leflore	*	\$71,280	\$83,160
Alcorn	NT/T*	\$59,400/\$71,280	\$68,310/\$83,160	Lincoln		\$59,400	\$68,310
Amite	*	\$71,280	\$83,160	Lowndes	NT/T*	\$59,400/\$71,280	\$68,310/\$83,160
Attala	*	\$71,280	\$83,160	Madison	NT/T*	\$70,900/\$85,080	\$81,535/\$99,260
Benton	*	\$71,280	\$83,160	Marion	*	\$71,280	\$83,160
Bolivar	NT/T*	\$59,400/\$71,280	\$68,310/\$83,160	Marshall	*	\$71,280	\$83,160
Calhoun		\$59,400	\$68,310	Monroe	NT/T*	\$59,400/\$71,280	\$68,310/\$83,160
Carroll		\$60,900	\$70,035	Montgomery		\$59,400	\$68,310
Chickasaw	*	\$71,280	\$83,160	Neshoba		\$59,400	\$68,310
Choctaw	*	\$71,280	\$83,160	Newton		\$59,400	\$68,310
Claiborne	*	\$71,280	\$83,160	Noxubee	*	\$71,280	\$83,160
Clarke		\$59,400	\$68,310	Oktibbeha		\$61,800	\$71,070
Clay	*	\$71,280	\$83,160	Panola	*	\$71,280	\$83,160
Coahoma	*	\$71,280	\$83,160	Pearl River		\$60,300	\$69,345
Copiah	*	\$85,080	\$99,260	Perry	*	\$75,360	\$87,920
Covington		\$59,400	\$68,310	Pike	*	\$71,280	\$83,160
Desoto		\$67,900	\$78,085	Pontotoc		\$59,400	\$68,310
Forrest	NT/T*	\$62,800/\$75,360	\$72,220/\$87,920	Prentiss	*	\$71,280	\$83,160
Franklin	*	\$71,280	\$83,160	Quitman	*	\$71,280	\$83,160
George	*	\$72,840	\$84,980	Rankin		\$70,900	\$81,535
Greene	*	\$76,920	\$89,740	Scott		\$59,400	\$68,310
Grenada		\$59,400	\$68,310	Sharkey	*	\$71,280	\$83,160
Hancock		\$60,900	\$70,035	Simpson		\$59,400	\$68,310
Harrison		\$60,900	\$70,035	Smith		\$59,400	\$68,310
Hinds	NT/T*	\$70,900/\$85,080	\$81,535/\$99,260	Stone	*	\$71,280	\$83,160
Holmes	*	\$71,280	\$83,160	Sunflower	*	\$71,280	\$83,160
Humphreys	*	\$71,280	\$83,160	Tallahatchie	*	\$71,280	\$83,160
Issaquena	*	\$71,280	\$83,160	Tate		\$62,100	\$71,415
Itawamba		\$59,400	\$68,310	Tippah		\$59,400	\$68,310
Jackson		\$69,100	\$79,465	Tishomingo		\$59,400	\$68,310
Jasper	*	\$71,280	\$83,160	Tunica	*	\$71,280	\$83,160
Jefferson	*	\$71,280	\$83,160	Union		\$59,400	\$68,310
Jefferson Davis	*	\$71,280	\$83,160	Walthall	*	\$71,280	\$83,160
Jones	NT/T*	\$59,400/\$71,280	\$68,310/\$83,160	Warren		\$59,400	\$68,310
Kemper	*	\$71,280	\$83,160	Washington	*	\$71,280	\$83,160
Lafayette		\$72,400	\$83,260	Wayne	*	\$71,280	\$83,160
Lamar		\$62,800	\$72,220	Webster		\$59,400	\$68,310
Lauderdale	NT/T*	\$63,200/\$75,840	\$72,680/\$88,480	Wilkinson	*	\$71,280	\$83,160
Lawrence	*	\$71,280	\$83,160	Winston	*	\$71,280	\$83,160
Leake	*	\$71,280	\$83,160	Yalobusha		\$59,400	\$68,310
Lee		\$71,800	\$82,570	Yazoo	*	\$71,280	\$83,160

\* 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 have both non-target & target areas. Aquisition Limits: \$309,000 (targeted areas) / \$258,000 (non-target areas)