# Indiana Housing and Community Development Authority

Mortgage Credit Certificate Program

# What is a Mortgage Credit Certificate?

- A MCC is a federal tax credit designed to assist a borrower seeking affordable homeownership.
- This tax credit allows an eligible borrower to write off a portion of the annual interest paid on the mortgage- up to $2,000.00 each year they occupy the home as their primary residence.
- This tax credit is based on the first mortgage loan amount
- The MCC reduces the federal tax liability of the borrower and has the potential of savings of thousands of dollars over the life of the loan

# How does the MCC benefit the borrower?

- The borrower may choose to revise their W-4 withholdings form to increase their take home pay. (*see following)
- The borrower may choose to take the tax credit at the end of the year. (*see following)
- Borrower has a $50,000.00 mortgage with an annual interest rate of 5.25%, the borrower would be able to claim $918.75 annual tax credit ( this is in addition to the annual interest deduction the borrower receives)or increase take home pay by $76.56.

# How Continued

- $50,000.00(mtg amount) X 5.25%( annual % rate) = $2,625.00( interest paid) X 35%(MCC Credit rate based on mtg amount) = $918.75(annual tax credit)
- If borrower so chooses to increase take home pay the annual tax credit is divided out over 12 months giving the borrower(per example above) an additional $76.56 per pay. The borrower would need to contact their HR department who would then modify their withholdings.

# Summary of Benefits to the Borrower

- First time homebuyers
- Federal Tax Credit for up to $2,000
- Credit may be reissued in cases of a refinance

# MCC Credit Rates

MCC Credit Rates

Mortgage of
$50,000 & under
35%

Mortgage of
$50,001 - $70,000
30%

Mortgage of
$70,001 – $90,000
25%

Mortgage of
$90,001 & above
20%