

# MCC+DPA+8K=

homebuying the **stimulus** way

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# Mortgage Credit Certificate [“MCC”] Program

Helping Mississippians Get Home



- MCC Tax Credits can be used with MHC's Down Payment Assistance program and the buyer can also receive the Federal 1<sup>st</sup> time homebuyer tax credit for up to \$8,000.
- Federal income tax credit equal to 25% (site built home) 40% (manufactured home) of annual interest on the mortgage loan.
- Income Limits & Acquisition Purchase Price Limits can be found at [www.mshomecorp.com](http://www.mshomecorp.com). See the Home Buyer tab.
- \$300 Reservation Fee



# Sample MCC Tax Credit Worksheet

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Loan Amount Financed                   \$ 120,000  
Interest Rate:                               X 5.500%

Annual Mortgage Interest               \$ 6,600  
MCC Percentage                           X 25%  
Reduced Tax Liability =                 \$ 1,650.00

2 Ways to take credit: Yearly or Monthly  
Monthly Savings = \$137.50

The borrower continues to write off the remaining 75% of the mortgage interest when filing their federal tax return.

IRS Regulation limits the MCC Tax Credit to \$2,000 each year.

Total MCC Tax Credit = \$30,000.00



# Mortgage Credit Certificate

Helping Mississippians Get Home



- MCC can be used with the DPA program under FHA, VA or Rural Development loan products.
- If not used w/DPA program, the loan can be FHA, VA, Rural Development, Fannie Mae or Freddie Mac Conventional Loans.
- Potential recapture would only be applicable if the home is sold within the first 10 years when the property is sold & there must be a gain on the sale & if the household adjusted gross income exceeded the modified adjusted income.
- Potential recapture does not apply if the loan is refinanced & the borrower retains the MCC tax credit. Potential Recapture is calculated when the residence is sold.
- MCC Program cannot be used in conjunction with the Mortgage Revenue Bond program.



# MCC Sample Potential Recapture Penalty

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## Potential Recapture Example:

**Year 3 Maximum Recapture = \$3,750**  
**Modified Adjusted Gross Income = \$62,512**

**\$ 90,000 (Adjusted Gross Income)**  
**- 62,512 (Modified Adjusted Income)**  
**27,488 divided by \$5k = 5.50%**

**Total Recapture Calculation**  
**\$3,750 x 5.50% = \$206.25**



# Down Payment Assistance Program (“DPA”)

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- **\$200 Reservation Fee (Non-Refundable).** Cannot be paid by the buyer.
- **DPA is a true 10-year second mortgage for down payment &/or closing costs.**
- **Maximum DPA: 3% of full loan amount (not sales price).**
- **Maximum Liquid Assets: \$4,500**
- **Maximum Statewide Sales Prices: \$198,000**
- **Income Limits can be found at [www.mshomecorp.com](http://www.mshomecorp.com). See the Home Buyer tab.**



# Down Payment Assistance Program

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- **Loan Types:**
  - FHA
  - VA
  - Rural Development
- **No Prepayment Penalty**
- **Property Types:**
  - Single-Family Residence
  - Approved Condominiums & Town Homes
  - Permanently affixed Manufactured Homes
  - Planned Unit Developments



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## Putting it all together...

- If your clients...
  - Want to take advantage of the \$8,000 first-time homebuyer tax credit?
  - Need more money in their paycheck?
  - Need help with down payment?

Then the

**MCC+DPA+8K**

is the way to go!

# Hypothetical Example of Federal Tax Return of a Single Parent

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(Figures below are based on a hypothetical Federal Income Tax Return using IRS Form 1040 with itemized deductions. Your potential refund amount will differ.)

- MCC in conjunction with \$8,000 First-time Homebuyer Tax Credit
- Annual Income **\$ 39,000**
- Mortgage Amount **\$100,000**  
at 6.5% interest rate
- MCC Reduced Tax Liability **\$ 1,625**  
(taken annually)
- Government Stimulus **\$ 8,000**
- Potential Federal Homebuyer Credit **\$ 9,625**
- **ONGOING BENEFIT:** MCC can continually save you at least 25% of your annual interest expense for approximately 15 years.



# Housing Assistance for Teachers (“HAT”)

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- Up a \$6,000 grant for 2% of the down payment requirement, closing costs, pre-paid items & MI.
- Agrees to Teach in a Critical Shortage School District for a minimum of 3 Years.
- Minimum Down Payment from Applicant: 1% of Sales Price & 1-months reserves.
- 25 or 30-year fixed loan rate
- Fannie Mae Conventional loan products
- 12% - 30% Mortgage Insurance required (depending on LTV).



# Housing Assistance For Teachers

Helping Mississippians Get Home



- No 1<sup>st</sup> time home buyer requirement
- No Income Limits
- Purchase Price not to exceed Fannie Mae's limits
- Units must be located in the county that the critical shortage school district is located. See [www.mshomecorp.com](http://www.mshomecorp.com) under the Home Buyer tab and select Housing Assistance for Teachers to link to the school district list.



# Home of Your Own (“HOYO”)

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- **Grant for individuals with disabilities or household member with a permanent disability as defined by the Americans with Disabilities Act are eligible.**
- **\$10,000 or \$15,000 grant depending upon median household income.**
- **Household income cannot exceed 80% of the county area median income.**
- **Borrower who qualifies for a FHA, VA, Rural Development, Fannie Mae or Freddie Mac conventional loan or Lender In-House loan product.**
- **Household income after expenses that is adequate to make monthly mortgage payments.**

