

# Mortgage Credit Certificate Program

## INFORMATION SHEET

Homebuyers can now lower their federal tax liability through the Ohio Housing Finance Agency's (OHFA) Mortgage Credit Certificate (MCC) Program. An MCC allows you to take a direct tax credit for a portion of your mortgage interest for the life of the mortgage.

The MCC provides you with a reduced tax burden, which allows for more available income to help you qualify for a loan and make your mortgage payments. With an MCC, a portion of the mortgage interest is a tax credit, a dollar-for-dollar reduction of income tax liability for the life of the loan. The tax credit cannot be larger than your annual federal income tax liability after deductions, exemptions and other credits.

The percentage of the annual tax credit you can claim is based on the location and/or status of the property. For example:

- 20% credit for non-target areas (areas not designated as economically distressed by the U.S. Department of Housing and Urban Development)
- 25% for target areas (an economically distressed area designated by the U.S. Department of Housing and Urban Development)
- 30% for Real Estate Owned (REO) purchases (any property purchased from the U.S. Department of Housing and Urban Development, Fannie Mae, Freddie Mac or a financial institution that acquired the property through foreclosure)

To claim the credit, you must complete IRS Form 1040 for the current tax year. Forms 1040A and 1040EZ are not permitted to be used for the MCC Program. To be eligible for the MCC Program, you must be approved for a mortgage by a participating lender and meet certain requirements, including:

- Household income limit
- Maximum home sales price
- Limited prior homeownership interest
- Purchasing a home as a primary residence

MCCs are available on first-come, first-served basis and are not transferable. They cannot be used as a refinance option on an existing mortgage or with an adjustable rate or interest only mortgage. In addition, the MCC cannot be used in conjunction with OHFA's First-Time Homebuyer Program.

The MCC Program is available through OHFA participating lenders. All mortgages must have a fixed interest rate. To locate a lender in your area, visit the Homeownership section at [http://ohiohome.org/mcc/MCCcountyinfo\\_locator.aspx](http://ohiohome.org/mcc/MCCcountyinfo_locator.aspx)

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