



Ohio Housing Finance Agency 2009 Mortgage Credit Certificate Program

Real Estate Agents

Buying a home has become even more affordable for your clients. The new Mortgage Credit Certificate (MCC) Program can lower a homebuyer's federal tax liability for the life of the mortgage.

The MCC provides for a reduced tax burden which allows a higher amount of income to be available to help your client qualify for a loan and make their 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 the homebuyer's annual federal income tax liability after deductions, exemptions and other credits.

The percentage of the annual tax credit that can be claimed is based on the location and/or status of the property:

- 20% credit for non-target areas
- 25% for target areas
- 30% for Real Estate Owned (REO) purchases

Homebuyers must complete IRS Form 1040 for the current tax year to claim the credit. Forms 1040A and 1040EZ are not permitted to be used for the MCC Program.

To be eligible for the MCC Program, borrowers must be approved for a mortgage by a participating lender and meet certain requirements for:

- Household income limit
- Maximum home sales price
- Limited prior homeownership interest
- Owner-occupancy and 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 who are able to originate, underwrite, close and fund mortgage loans. All mortgages must have a fixed interest rate. Additional information about the MCC Program is available at www.ohiohome.org in the Homeownership section.

