

# Capital Area Housing Finance Corporation Mortgage Credit Certificate (MCC) Program

## Fact Sheet

### What is an MCC?

The MCC Program is a federal income tax credit program. An MCC entitles you to take a federal income tax credit equal to forty percent (40%) of the annual interest you pay on your home mortgage, up to a maximum of \$2,000 per year. Because the MCC reduces your federal income taxes and increases your net earnings, it is a great help in qualifying for your first home mortgage. It increases the loan amount you qualify for **and** it increases your take-home pay. But it doesn't stop there. The MCC is registered with the IRS, and it continues to decrease your federal income taxes each year for as long as you owe amounts on your home mortgage. You must have a tax liability to benefit from the annual credit in any given year.

### How to Qualify

- ❖ Your household income and the purchase price must not exceed the limits shown below.
- ❖ You must not have owned a principal residence in the last three years unless you are purchasing a residence in a Targeted Area or are a Qualified Veteran.
- ❖ You must occupy the home as your principal residence.
- ❖ You must apply for the MCC through a participating Lender.
- ❖ You must purchase a home within the Eligible Loan Area.
- ❖ You must complete a homebuyer education class.

### MCC Program Limits

#### Maximum Income:

| Counties:                                | <u>1 or 2 persons</u> | <u>3 + persons</u> |
|--|-----------------------|--------------------|
| <i>Non-Targeted Areas</i>                |                       |                    |
| Bastrop, Caldwell,<br>Hays & Williamson: | \$77,800              | \$89,470           |
| Blanco:                                  | \$70,400              | \$80,960           |
| Burnet:                                  | \$62,800              | \$72,220           |
| Fayette:                                 | \$62,800              | \$72,220           |
| Lee:                                     | \$68,100              | \$78,315           |
| Llano:                                   | \$62,800              | \$72,220           |
| <i>Targeted Areas</i>                    |                       |                    |
| Hays                                     | \$93,360              | \$108,920          |

#### Maximum Purchase Price:

|                                       | <b>New &amp; Existing</b> |
|---------------------------------------|---------------------------|
|                                       | <i>Non-Targeted Areas</i> |
| Bastrop, Caldwell, Williamson & Hays: | \$314,458                 |
| Blanco, Burnet, Fayette, Lee & Llano: | \$255,573                 |
|                                       | <i>Targeted Areas</i>     |
| Hays:                                 | \$384,337                 |

### Eligible Loan Area

Texas counties of Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano & Williamson.

### Targeted Area

Targeted area census tracts are defined as areas where 70% of the families earn 80% or less of median income. Applicants who purchase homes in these areas do not have to be a first-time homebuyer. The current targeted area census tracts within Hays County are: 0103.04

### Recapture Tax

If you sell your home within nine years, you may have to pay a recapture tax. **Several conditions can exempt you from the recapture tax.** Call the Program Administrator or see your Lender for more details.

### Availability of Funds

Funds are currently available on a first-come first-served basis. If funds run out, it will be posted on the Program Administrator's website.

### How to Apply

- ❖ Choose a Lender. You may choose any Lender you may see on the list of Lenders enrolled in the Program on the Program Administrator's website: [www.htshousing.com](http://www.htshousing.com), but you are not required to use one of these Lenders.
- ❖ After finding a property and having the seller accept your offer, escrow will be opened. You may apply for an MCC only while escrow is open, NOT after your escrow has closed.
- ❖ Read and sign your MCC Application and Affidavit and other documentation that the Lender prepares and sends to the Program Administrator.
- ❖ If your MCC application is approved, the Program Administrator will issue your Lender an MCC Commitment and a MCC Closing Affidavit.
- ❖ Sign the MCC Closing Affidavit with the other closing documents at the end of escrow.
- ❖ Look for your MCC document in the mail within 30 days after escrow closing.

### Mortgage Financing

The Program does not place restrictions on the mortgage financing with regard to type, term or rate, except to require that the mortgage be a primary mortgage and to disallow refinancings unless issued to replace a construction period loan or bridge loan of a temporary nature. Also, no mortgages made from the proceeds of tax-exempt obligations are allowed.

### Program Fees

|                        |                                   |
|------------------------|-----------------------------------|
| MCC Package Review Fee | \$225.00                          |
| MCC Issuance Fee       | 1.00% of the mortgage loan amount |

A corporate check for the above fees should be made payable to "Hilltop Securities Inc."

### Program Administrator

Hilltop Securities Inc. administers the Program for the Capital Area Housing Finance Corporation and may be contacted at (214) 953-4176.

Please note that any statements in this fact sheet regarding tax matters cannot be relied upon by any person to avoid tax penalties. You should seek advice based on your individual circumstances from your tax advisor.