

Features/Benefits

The Mortgage Credit Certificate (MCC) Program is homebuyer assistance tool for first-time homebuyers in Portland. The MCC reduces the homebuyer's annual tax liability as long as they keep the loan and continue to occupy the home as their principal residence. It is a tax credit which helps the homebuyer to more comfortably afford the monthly payment on their first home. The amount of the MCC tax credit will equal 20 percent of the annual mortgage interest paid by the homebuyer.

The following example shows how the tax credit is calculated and the impact of the MCC credit on an annual and monthly basis.

Example of a Mortgage Credit Certificate Calculation

1. First Mortgage Amount	\$250,000
2. Mortgage Interest Rate (APR)	6.0%
3. Annual Interest Payment (Line 1 x Line 2)	\$15,000
4. Mortgage Credit Certificate Rate	20%
5. Annual MCC Amount (Line 3 x Line 4)	\$3,000
6. Monthly Credit Amount (Line 5 ÷ 12)	\$250

The amount of the annual tax credit (Line 5) is then deducted from the homebuyer's total tax liability. If the homebuyer is not able to use the full amount of the MCC tax credit in a particular tax year— it may be carried forward for up to three calendar years.

Participating Lenders may treat the MCC differently for underwriting purposes, depending on the type of loan selected. The amount of MCC tax credit depends on the amount of the homebuyer's loan, interest rate and term.

Eligibility Requirements

Eligible Homebuyer

- First-time homebuyer, which is defined as not having owned a home in the past three years -- this requirement is waived if the property is located in a Target Area*.
- Annual household income limit is based on family size as follows:

1-2 Persons	\$72,000
3 or more persons	\$82,800

- Must meet first mortgage lender's criteria for underwriting, credit and down payment requirements.
- Must occupy property as "principal residence" within 60 days of the purchasing the home.

Eligible Property

- Must be located within the Portland city limits.
- Must be owner-occupied during the life of the loan.
- Single-family units only, including condos and town homes.

*** Target Areas**

For the purposes of the MCC Program the Internal Revenue Service (IRS) has identified census tracts 003301 and 003402 as Targeted Areas. In these areas, the program's first-time homebuyer requirement is waived, there are higher household income limits, and higher purchase price limits. For more information, call PHB or visit www.portlandonline.com/phb/mcc for details.

Loan Terms

The MCC is not a loan. It is a federal tax credit. The homebuyer chooses the lender and the type of home loan from a list of participating lenders who have completed the required MCC Training Course. Homebuyers must pay a \$675 fee at loan closing to receive the MCC.

Due to federal restrictions, the MCC may not be combined with an Oregon Bond loan. PHB must approve the loan products that the lender may use in combination with the MCC program. Homebuyers are encouraged to carefully consider all of their loan options prior to selecting a loan product or a particular lender.

MCC Recapture Tax Disclosure

The MCC Program includes a federal Recapture Tax provision that is applicable if the property is sold within the first nine years of ownership. Payment of the recapture tax depends on homebuyer's adjusted gross income for the year in which they sell. Homebuyers should consult their loan officer for details and carefully review the Recapture Tax notice.

For more information
e-mail nh@portlandoregon.gov or visit
www.portlandonline.com/phb/mcc.

