

MCC Program Calculation

ADFA will calculate the mortgage credit as follows:

Loan amount multiplied by loan interest rate multiplied by percent of credit allowed equals amount of credit.

FOR EXAMPLE:

\$150,000
x 5 percent
x 25 percent credit
= \$1,875 yearly credit*



The MCC Program is valid for the life of the loan. Conventional, Rural Development, FHA and VA financing are available from some lenders.

First-time homebuyers who choose to sell their home within the first nine years of purchase AND have had significant increases in their annual incomes may be subject to a recapture tax. See IRS Publication 523 and 530 for more information.

Arkansas REALTORS® Association
11224 Executive Center Drive
Little Rock, Arkansas 72211

Arkansas Mortgage Credit Certificate PROGRAM

P R O G R A M



Mortgage Credit Certificate Program



Equal Opportunity Housing

This is an equal opportunity program. Loans are available on a fair and equal basis regardless of race, color, ancestry, national origin, religion, sex, or physical handicap.

The Arkansas Development Finance Authority (ADFA) together with local participating lenders and the Arkansas REALTORS® Association offers the Mortgage Credit Certificate (MCC) Program, a financial incentive for first-time homebuyers to purchase homes they otherwise might not be able to afford. With the MCC Program, 25 percent of the mortgage interest is a dollar-for-dollar tax credit for the life of the loan.

you could be saving about \$160 a month

Be Prepared

In order for the lender to process your application for a mortgage credit certificate, you will need:

- A signed purchase contract
- Signed and dated copies of your last federal income tax return and a copy of your most recent pay stub.

Organize a List That Includes:

- The names, addresses, contact person and telephone numbers of your employer
- Savings and checking account information including names and addresses of institutions and account numbers
- Creditor information, including account numbers and balances
- Landlord information, including name and address and dates of rental.

The borrower can receive immediate benefit from the MCC Program by going to their employer and filing a revised W-4 Federal Tax Withholding form. This will reduce the Federal tax withholdings and increase the borrower's monthly take-home pay.

MCC Program Registration

Prospective homebuyers can apply for a mortgage credit certificate when applying for a mortgage loan at any participating lender. Lenders vary in their requirements for mortgage loans. Borrowers may use the financing vehicle of their choice (30-year fixed-rate mortgage or 15-year fixed-rate mortgage). Conventional, USDA-RD, FHA and VA mortgages qualify. The MCC Program is available to homebuyers who meet household income and home purchase price limits. The program is restricted to first-time homebuyers unless the home to be purchased is in a targeted county. A first-time homebuyer is defined as anyone not having ownership interest in a principal residence at any time for the past three years.



To learn more visit www.arkansas.gov/adfa, your local participating lender or an Arkansas REALTOR®.

