

Texas State Affordable Housing Corporation Mortgage Credit Certificate (MCC) Program

Fact Sheet

What is an MCC?

The MCC is a Federal Income Tax Credit program. An MCC provides a double bonus. It increases the loan amount you qualify for **and** it increases your take-home pay. The MCC entitles you to take a federal income tax credit of thirty-five percent (35%) of the annual interest you pay on your home mortgage. 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. 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 live in your home.

How to Qualify

- ❖ Your household income and the purchase price must not exceed the limits shown in Exhibit A.
- ❖ You must not have owned a principal residence in the last three years unless you are a Qualified Veteran.*
- ❖ You must occupy the home.
- ❖ You must apply for the MCC through a participating Lender, and pay a non-refundable MCC Application Fee.
- ❖ You must purchase a home within the Eligible Loan Area.

Eligible Borrowers

See Exhibit A.

MCC Program Limits

Maximum Income:

See Exhibit B.

Maximum Purchase Price:

See Exhibit B.

Eligible Loan Area

The entire State of Texas.

Targeted Census Tracts

Certain census tracts are designated as areas of chronic economic distress. Applicants who purchase homes in these areas do not have to be a first-time homebuyer and have higher income and purchase price limits. The Targeted Areas including the Rita GO Zone and Disaster Areas are listed in Exhibit C.

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

The Aggregate MCC Issuance Authority is \$2,500,000 (\$7,142,857 in loan volume). If funds run out, it will be posted on the Program Administrator's website. You may apply for an MCC only while escrow is open, **NOT** after your escrow has closed.

How To Apply

- ❖ Choose a Lender enrolled in the Program to pre-qualify you for a loan and an MCC. See Lender list on the Program Administrator's website: www.FSCHousing.com.
- ❖ After finding a property and having the seller accept your offer, escrow will be opened.
- ❖ Read and sign your MCC Application and Affidavit and other documentation that the Lender prepares and sends to the Program Administrator.
- ❖ Once your MCC application is approved the Program Administrator issues your Lender an MCC Commitment and an 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. Only first mortgages and no refinancing except to replace a construction period loan or bridge loan of a temporary nature. Also, no bond-backed financing is allowed.

Program Fees

MCC Application Fee	\$100.00
MCC Closing Package Review Fee	\$250.00
MCC Issuance Fee	1.00% of the mortgage loan amount

The above fees should be made payable to "First Southwest Company".

Program Administrator

First Southwest Company administers the Program for the Texas State Affordable Housing Corporation. (214) 953-4122. All checks made payable to "First Southwest Company."

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Exhibit A

An Eligible Borrower under the Program is someone:

(i) A Professional Educator is a person, at the time such person files an application for a Mortgage Loan:

(a) who is at least one of the following –

- (i) classroom teacher;
- (ii) full-time teacher's aide;
- (iii) full-time school librarian;
- (iv) full-time school counselor;
- (v) full-time school nurse; or
- (vi) allied health or professional nursing program faculty member

(b) who resides in the State;

(c) whose income does not exceed the maximum family income (which cannot exceed the maximum amount permitted under Section 143(f) of the Code);

(d) who intends to occupy the residence to be financed with a mortgage loan as his or her principal residence within a reasonable period (not to exceed 60 days) following the closing of such mortgage loan;

(e) who (except in the case of an Eligible Borrower who is obtaining a mortgage loan for a residence located in the Targeted Areas described in Exhibit C or in the Rita GO Zone or Ike/Dolly Disaster Areas described in Exhibit D, collectively a "Targeted Area Mortgage Loan") has not had a present ownership interest in a principal residence (except for the residence being financed with the mortgage loan) at any time during the three-year period ending on the closing date;

(f) who has not had an existing mortgage (including a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow, or any other form of owner-financing), whether or not paid off, on the residence to be financed with such mortgage loan at any time prior to the execution of the mortgage, other than an existing mortgage securing a construction period loan, construction bridge loan, or similar temporary initial construction financing initially incurred within 24 months of the closing date, having an original term not exceeding 24 months, and not providing for scheduled payments of principal during such term; and

(g) who has not previously obtained a commitment for a mortgage loan under the program.

(ii) A Hero is a person, at the time such person files an application for a Mortgage Loan:

(a) who is at least one of the following as defined in the Manual –

- (i) Fire Fighter;
- (ii) Corrections Officer or Juvenile Corrections Officer;
- (iii) County Jailer;
- (iv) Public Security Officer;
- (v) Peace Officer; or
- (vi) Emergency Medical Service Personnel;

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(b) who resides in the State;

(c) whose income does not exceed the maximum family income (which cannot exceed the maximum amount permitted under Section 143(f) of the Code);

(d) who intends to occupy the residence to be financed with a mortgage loan as his or her principal residence within a reasonable period (not to exceed 60 days) following the closing of such mortgage loan;

(e) who (except in the case of an Eligible Borrower who is obtaining a mortgage loan for a residence located in the Targeted Areas described in Exhibit C or in the Rita GO Zone or Ike/Dolly Disaster Areas described in Exhibit D, collectively a "Targeted Area Mortgage Loan") has not had a present ownership interest in a principal residence (except for the residence being financed with the mortgage loan) at any time during the three-year period ending on the closing date;

(f) who has not had an existing mortgage (including a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow, or any other form of owner-financing), whether or not paid off, on the residence to be financed with such mortgage loan at any time prior to the execution of the mortgage, other than an existing mortgage securing a construction period loan, construction bridge loan, or similar temporary initial construction financing initially incurred within 24 months of the closing date, having an original term not exceeding 24 months, and not providing for scheduled payments of principal during such term; and

(g) who has not previously obtained a commitment for a mortgage loan under the program.

(iii) A Low Income borrower is a person, at the time such person files an application for a mortgage loan:

(a) whose family income does not exceed the applicable maximum family income amount, which amount shall not be greater than 80% of applicable median family income without adjustment for family size;

(b) who intends to occupy the residence to be financed with a mortgage loan as his or her principal residence within a reasonable period (not to exceed 60 days) following the closing of such mortgage loan;

(c) who (except in the case of an Eligible Borrower who is obtaining a mortgage loan for a residence located in the Targeted Areas described in Exhibit C or in the Rita GO Zone or Ike/Dolly Disaster Areas described in Exhibit D, collectively a "Targeted Area Mortgage Loan") has not had a present ownership interest in a principal residence (except for the residence being financed with the mortgage loan) at any time during the three-year period ending on the closing date;

(d) who has not had an existing mortgage (including a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow, or any other form of owner-financing), whether or not paid off, on the residence to be financed with such mortgage loan at any time prior to the execution of the mortgage, other than an existing mortgage securing a construction period loan, construction bridge loan, or similar temporary initial construction financing initially incurred within 24 months of the closing date, having an original term not exceeding 24 months, and not providing for scheduled payments of principal during such term; and

(e) who has not previously obtained a commitment for a mortgage loan under the program.

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Exhibit B

2009 Income & Purchase Price Limits for the Texas State Affordable Housing Corporation's Mortgage Credit Certificate Program								
Area of State	Counties in Area	*80% AMFI (Any family size)	Non-Targeted Area Income Limits		Targeted and GO Zone** Area		Purchase Price Limits	
			1 or 2 Persons 100% AMFI	3 or More Persons 115% AMFI	1 or 2 Persons 120% AMFI	3 or More Persons 140% AMFI	Non Targeted Areas	Targeted and GO Zone* Areas
Atascosa County	Atascosa	\$45,920	\$57,400	\$66,010	\$68,880	\$80,360	\$274,390	\$335,366
Austin County HMFA	Austin	\$46,400	\$58,000	\$66,700	\$69,600	\$81,200	\$258,691	\$316,177
Austin-Round Rock MSA	Bastrop, Caldwell, Hays, Travis, & Williamson	\$58,640	\$73,300	\$84,295	\$87,960	\$102,620	\$258,691	\$316,177
Bandera County	Bandera	\$45,920	\$57,400	\$66,010	\$68,880	\$80,360	\$274,390	\$335,366
Bexar County	Bexar	\$45,920	\$57,400	\$66,010	\$68,880	\$80,360	\$274,390	\$335,366
Brazoria County HMFA	Brazoria	\$57,120	\$71,400	\$82,110	\$85,680	\$99,960	\$258,691	\$316,177
Comal County	Comal	\$45,920	\$57,400	\$66,010	\$68,880	\$80,360	\$274,390	\$335,366
Dallas HMFA	Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, & Rockwall	\$54,080	\$67,600	\$77,740	\$81,120	\$94,640	\$258,691	\$316,177
Fort Worth-Arlington HMFA	Johnson, Parker, & Tarrant	\$52,800	\$66,000	\$75,900	\$79,200	\$92,400	\$258,691	\$316,177
Guadalupe County	Guadalupe	\$45,920	\$57,400	\$66,010	\$68,880	\$80,360	\$274,390	\$335,366
Hartley County	Hartley	\$53,040	\$66,300	\$76,245	\$79,560	\$92,820	\$258,691	\$316,177
Hood County	Hood	\$50,320	\$62,900	\$72,335	\$75,480	\$88,060	\$258,691	\$316,177
Houston-Baytown-Sugarland HMFA	Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto & Waller	\$51,040	\$63,800	\$73,370	\$76,560	\$89,320	\$258,691	\$316,177
Kendall County HMFA	Kendall	\$59,680	\$74,600	\$85,790	\$89,520	\$104,440	\$274,390	\$335,366
Loving County	Loving	\$53,360	\$66,700	\$76,705	\$80,040	\$93,380	\$258,691	\$316,177
Medina County	Medina	\$45,920	\$57,400	\$66,010	\$68,880	\$80,360	\$274,390	\$335,366
Midland MSA	Midland	\$48,160	\$60,200	\$69,230	\$72,240	\$84,280	\$258,691	\$316,177
Roberts County	Roberts	\$50,480	\$63,100	\$72,565	\$75,720	\$88,340	\$258,691	\$316,177
Sherman-Denison MSA	Grayson	\$46,320	\$57,900	\$66,585	\$69,480	\$81,060	\$258,691	\$316,177
Somervell County	Somervell	\$46,480	\$58,100	\$66,815	\$69,720	\$81,340	\$258,691	\$316,177
Wilson County	Wilson	\$45,920	\$57,400	\$66,010	\$68,880	\$80,360	\$274,390	\$335,366
Wise County HMFA	Wise	\$49,280	\$61,600	\$70,840	\$73,920	\$86,240	\$258,691	\$316,177
Balance of State	All remaining Counties not listed above	\$45,920	\$57,400	\$66,010	\$68,880	\$80,360	\$258,691	\$316,177

**GO Zone/Disaster Areas (Entire County)				
Angelina	Galveston	Jefferson	Orange	Tyler
Austin	Grimes	Liberty	Polk	Walker
Brazoria	Hardin	Madison	Sabine	Waller
Cameron	Harris	Matagorda	San Augustine	Washington
Chambers	Hidalgo	Montgomery	San Jacinto	Willacy
Cherokee	Houston	Nacogdoches	Shelby	
Fort Bend	Jasper	Newton	Trinity	

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Exhibit C

I. The entire geographical area within each of the following Texas counties qualifies as a Targeted Area (these are the Rita GO Zone/Disaster areas):

Angelia	Galveston	Jefferson	Orange	Tyler
Austin	Grimes	Liberty	Polk	Walker
Brazoria	Hardin	Madison	Sabine	Waller
Cameron	Harris	Matagorda	San Augustine	Washington
Chambers	Hidalgo	Montgomery	San Jacinto	Willacy
Cherokee	Houston	Nacogdoches	Shelby	
Fort Bend	Jasper	Newton	Trinity	

II. The following "Qualified Census Tracts" also constitute Targeted Areas:

Bee County	950500				
Bell County	020702	020900	022600	022801	022900
	023500				
Bexar County	110200	110500	110600	110700	110800
	110900	111000	130100	130300	130500
	130600	130700	141000	150300	150800
	160100	160900	170101	170102	170200
	170300	170401	170900	171000	171200
	181003	191004			
Bowie County	010500	010600			
Brazos County	001400				
Brewster County	950400				
Brooks County	950200				
Brown County	950600	950700			
Cameron County	010500	010900	011000	011100	011600
	011700	011903	012200	012303	012304
	012507	012604	012609	012610	012700
	013203	013207	013208	013305	013306
	013307	013308	013309	013401	013402
	013700	013801	013802	013901	013902
	013903	014001	014002		
Cherokee County	950400	950500	950700		
Dallas County	000405	001503	002000	002701	002702
	002900	003400	003500	003800	003901
	003902	004000	004100	004800	007201
	007202	008603	008604	008703	008704
	008900	009304	009804	010200	010400
	011401	011500	012208	019013	019209
Dimmit County	950100				
Ector County	950700	001100	001200	001500	001800
	001900	002000			

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El Paso County	000301	000302	000404	000800	000900
	001203	001400	001600	001700	001800
	001900	002000	002100	002201	002202
	002600	002800	002900	003000	003200
	003602	003701	003702	003901	003903
	004105	010102	010208	010309	010319
	010403	010404	010501	010502	010503
	010504				
Falls County	990400				
Frio County	950300				
Gray County	950600	950800			
Gregg County	001400				
Grimes County	180104				
Hale County	950200				
Hidalgo County	020100	024600	020501	020503	020600
	020723	021100	021301	021302	021303
	021500	021600	021801	021802	021901
	021902	022002	022101	022102	022202
	022501	022502	022600	022702	022800
	023000	023101	023102	023503	023506
	023508	023700	024101	024102	024103
	024104	024105	024201	024202	024301
	024302	024401	024402	024500	
Hill County	960900	961000			
Hockley County	950400				
Howard County	950300				
Hudspeth County	950100				
Jim Wells County	950500				
Kleberg County	020200				
Lamar County	000600				
Lamb County	950500				
La Salle County	950100	950200			
Limestone County	970400				
Lubbock County	000202	000301	000500	000603	000605
	000607	001000	001200	002400	
McLennan County	000400	000598	001100	001200	001400
	001500	001900	003300		
Maverick County	950100	950201	950202	950203	
Midland County	000900	001400	001600	001700	
Nolan County	950300				
Nueces County	000400	000500	000900	001000	001100
	001200	001300	001500	001601	005602
Potter County	010600	012000	012200	012800	013000
	014600	014800			
Presidio County	950200				
Reeves County	950100	950200	950300	950500	
Smith County	000202	000300	000400	000700	

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Starr County	950102	950103	950201	950202	950400
	950500	950600	950701	950702	
Tarrant County	100300	101000	101100	101600	101700
	102500	103100	103500	103601	103701
	103800	103900	104000	104604	106516
	122200				
Taylor County	010700	010800	011700	011900	
Terry County	950300				
Titus County	950600	950700			
Tom Green County	000500	000700	000900		
Travis County	000604	000802	000804	001000	002311
	002316				
Val Verde County	950601	950602			
Webb County	000103	000104	000300	000400	000500
	000600	000700	000902	001002	001200
	001300	001801	001804	001805	
Wharton County	740300				
Wichita County	010100	010400	011100	011300	
Willacy County	950300	950700			
Zapata County	950200				
Zavala County	950100	950200	950301	950302	