



## City of Dallas Housing Finance Corporation Mortgage Credit Certificate (“MCC”) Program Key Features

◆ **Two Main Benefits to the Homebuyer:**

- ⇒ Provides a non-refundable tax credit up to \$2,000 a year as long as the homebuyer occupies the home and has a mortgage. Calculated by taking the annual interest on the mortgage loan multiplied by the mortgage credit rate of 35%. For example, on a \$150,000 loan at a 4.00% interest rate, the annual interest is approximately \$6000. An MCC tax credit of 35% of the interest paid would equal \$2,100. (35% x \$6000 = \$2,100). However, the maximum annual credit allowable is \$2,000. The homebuyer must have tax liability to benefit from the annual credit in any given year.
- ⇒ Can help qualify the homebuyer. For Fannie Mae, Freddie Mac and USDA-RHS, you can increase the homebuyers income by the tax credit amount. For FHA and VA, you can reduce the monthly payment by the tax credit amount. This results in increased buyer capacity to qualify for the mortgage loan. (Maximum Tax Credit Amount of  $\$2,000/12 = \$166.67$ )

◆ **Market Rate Program.** Rate, term and type determined by the lender. Normal Underwriting.

◆ **How a Homebuyer Qualifies:**

- ⇒ Homebuyer must purchase a home within the City of Dallas, Texas.
- ⇒ Homebuyer could not have owned a home in the last three years as their primary residence unless purchasing a home in a Targeted Area\* or the homebuyer is a Qualified Veteran.
- ⇒ Homebuyer’s household income must not exceed the maximum limits\* set by the Program below:
  - \$67,500 for 1 - 2 occupants
  - \$77,625 for 3 or more occupants
- ⇒ The purchase price cannot exceed \$250,200\*.  
\*Targeted Areas allowing increased income and purchase price limits may apply. Ask your lender for details.
- ⇒ Homebuyer must occupy the home as their principal residence.
- ⇒ Homebuyer must apply for the MCC through a participating lender.

◆ **Cost for the MCC program is \$100 MCC Application Fee, \$250 Closing Package Review Fee and 1.00% MCC Issuance Fee.** The fees can be paid by buyer, seller, or lender.

◆ **Can be utilized with city and/or county DPA programs.**

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