

## **Mortgage Credit Certificate Program Q&A**

---

Last Updated December 1, 2025

### **What is the Mortgage Credit Certificate (MCC) Program?**

The MCC program is a homebuyer assistance program designed to help lower-income families afford homeownership. The program allows homebuyers to claim a dollar-for-dollar tax credit for a portion of mortgage interest paid per year, up to \$2,000. The remaining mortgage interest paid may still be calculated as an itemized deduction.

After an MCC is issued, the homeowner receives a tax credit equal to the product of the mortgage amount, the mortgage interest rate, and the “MCC percentage,” a rate the administering Housing Finance Agency (HFA) sets between 10 and 50 percent.

Here is a sample MCC calculation that shows how this works:

$$\begin{aligned} & \$150,000 \text{ (mortgage amount)} \times 4 \text{ percent (mortgage interest rate)} \times 20 \text{ percent} \\ & \text{(MCC percentage)} = \$1,200 \text{ (eligible credit amount)} \end{aligned}$$

Thus, the borrower would be able to claim \$1,200 in credit on his or her annual tax return.

To be eligible, individuals must be first-time homebuyers, meet the program’s income and purchase price restrictions, and use the home as his/her primary residence. MCCs generally are subject to the same eligibility and targeted area requirements as Mortgage Revenue Bonds (MRBs).

The MCC program was established by the Deficit Reduction Act of 1984 and modified by the Tax Reform Act of 1986.

### **Who Administers the Mortgage Credit Certificate Program?**

State and local HFAs administer the MCC program. The MCC statute permits them to convert private activity bond (PAB) volume cap authority to MCC authority on a four-to-one basis. The issuer’s role is largely limited to issuing the MCC. It is up to the borrower to file the IRS form and claim the Credit annually.

### **Who Does the Mortgage Credit Certificate Program Serve?**

The MCC program serves low to moderate income borrowers, generally first-time homebuyers who earn no more than the greater of their statewide or area median

income. The median income of an MCC recipient in 2024 was \$75,375, 90 percent of the national median income for that year.

Eighteen state HFAs issued 3,006 MCCs in 2024. Since the inception of the program, state HFAs have issued more than 406,000 MCCs.

### **Is NCSHA Proposing any Changes to the Program?**

While the program has several advantages – it provides a relatively constant level of benefit to first-time homebuyers regardless of the spread between market and MRB rates and it allows issuers to vary the subsidy amount depending on circumstances and among different homebuyers, e.g., by income – the program also has some impediments to broader use.

On April 29, 2025, Senators Catherine Cortez Masto (D-NV) and Bill Cassidy (R-LA) introduced the Affordable Housing Bond Enhancement Act (S.1511). The bill would implement several simple but impactful changes to MRBs and MCCs that will expand the supply of affordable homes and improve access to homeownership for low and moderate-income home buyers.

- Some of the changes in the bill include:
- Simplifying how a borrower's MCC benefit is calculated;
- Reducing the time period for the MCC recapture tax from nine years to five;
- Extending the amount of time HFAs can use converted MCC authority from two years to four;
- Eliminating lenders' MCC reporting requirements; and
- Reducing the required MCC public comment period.

For more information, contact your state HFA: <https://www.ncsha.org/housing-help/>