

Program Description

- MCC creates a potential federal tax credit for the holder(s) equivalent to up to 30% of mortgage interest paid.
- Standalone MCC can be paired with a non-VHFA first mortgage; if a consumer wants a VHFA first mortgage and an MCC the MOVE MCC program is the only option.
- VHFA does not perform a credit underwrite on the first mortgage; proper underwriting and closing are the sole responsibility of the originating lender.
- The originating lender can use the MCC tax credit savings as qualifying income and should follow the applicable product guidelines (i.e. FNMA, FHLMC).

VHFA MCC Compliance

Eligible Lender Product	First mortgage purchase transaction secured by a primary residence.
First Time Home Buyer	Yes in 5 counties; no ownership interest in the prior 36 months for Addison, Bennington, Chittenden, Grand Isle & Windsor counties. <u>Exceptions</u> : Census Tract 4 & 10 in Burlington & Veterans that served in the last 25 years.
Income Limits	Yes
Purchase Price Limits	Yes
Occupancy	Primary
Other Real Estate Owned	Borrower and Non-Borrowing Spouse cannot have ownership interest in any other real estate. Limited exceptions, refer to VHFA program guide for detail.
Property	Eligible: Single family, condo, existing 2-unit (occupied as residence for at least 5 years), manufactured. Not eligible: New/newer 2-unit (<5 years as a residence), co-ops, >15 acres.
Federal Recapture Tax	Yes
Pre-Purchase Education	No (VHFA does not require, may be required per lender product guidelines).
MCC Holder	Limited to borrower(s) only, not issued to any non-borrowing spouse.

MCC Revocation

MCC holder(s) that are no longer eligible for the tax credit benefit, but continue to claim the credit could be subject to IRS penalties:

- If the holder no longer occupies the property as a primary residence or sells the property, the MCC is void
- If the original mortgage is refinanced, the MCC is void
- If the original mortgage is assumed by a new borrower, the MCC is void

MCC Fees

Payable to VHFA at closing: \$1,000 VHFA MCC Fee

Payable to Lender at closing: \$250 MCC Processing Fee