



# Pacific Bay Lending, Inc.

## What Are Mortgage Credit Certificates?

A mortgage credit certificate, also called an MCC, is a document provided to the borrower that directly converts a portion of the mortgage interest paid by the borrower into a non-refundable tax credit. It helps Homebuyers whose income are in the lowest income bracket to purchase a home.

## How Mortgage Credit Certificates Work?

Mortgage credit certificates are designed to help first-time homebuyer qualify for a home loan by reducing their tax liabilities. Borrowers can receive a dollar-for-dollar tax credit for a portion of the mortgage interest they pay each year.

The exact amount of the tax credit a borrower will receive is calculated through a formula that takes into account the mortgage amount, the mortgage interest rate and the mortgage credit certificate percentage. The credit rate percentage depends on the amount of the original mortgage loan.

## Special Considerations

Borrowers apply for mortgage credit certificates apply for it after the purchase contract has been signed, but before the time of closing. There is a fee for obtaining the MCC and has income and purchase price criteria that homebuyers must meet to qualify.

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