

# Understanding TSAHC's Mortgage Credit Certificate

## Step One:

Watch the MCC Program Overview Video

Watch the **video** on our website or use our **online calculator** to see how the MCC program lowers your federal income tax bill every year that you live in your home.



## Step Two:

Calculate Your MCC Benefits

The MCC gives you back 15% of the mortgage interest paid every year.

**Example Loan Amount**

*\$320,000*

**Example Interest Rate**

x *7.625%*

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**Example Interest Paid in 1st Full Year**

*\$24,400*

**20% of \$24,400 = \$4,800 (tax credit)**

The \$4,800 tax credit amount can be used as additional income ( $\$4,800 \div 12 = \$400$  additional monthly income) on your loan application to help you qualify for the mortgage loan

See how much interest you can save on your loan using an MCC:

**Your Loan Amount**

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**Your Interest Rate**

x

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**Your Interest Paid in 1st Full Year**

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**TSAHC's MCC**

x *20%*

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**Your Tax Credit**

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## Additional Benefits:

- This additional income can help lower your Debt-to-Income ratio (DTI)
- By reducing the interest you pay, the MCC also reduces your effective mortgage interest rate (see how in the example below)

## Step Three:

### Calculate Your Effective Interest Rate with an MCC

How does an MCC decrease/lower the mortgage interest rates homebuyers pay?

#### Example Interest Rate

7.625%

#### Example TSAHC's MCC

x 0.80

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#### Example Net Effective Rate

6.1%

A 20% tax credit/discount effectively lowers the interest rate to 6.1%!! Loan qualifying and payments are still based on 7.625%. However, this buyer will receive 20% of the interest paid back as a tax credit when they file their income tax return. Therefore, they are effectively paying a 6.1% interest rate on their mortgage.

How does the MCC help with your mortgage interest rate?

#### Your Interest Rate

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#### Your TSAHC's MCC

x 0.80

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#### Your Net Effective Rate

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For more information, visit our website or contact us today!



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