



PHOENIXIDA

First-Time Homebuyer TAX CREDITS



Home Success

Mortgage Credit Certificate (MCC) Program

Program Description

What Is an MCC?

The MCC is a federal income tax credit program. A **Home Success** MCC entitles you to take a federal income tax credit of 25% of the annual interest you pay on your home mortgage, up to \$2,000 per year and still deduct the remaining mortgage interest. The MCC allows you to take a tax credit every year you have a mortgage and live in your home (even if you refinance your original loan)!

Mortgage Financing You Can Use With MCCs

Includes FHA, VA, USDA-RD or Fannie Mae conventional loans. You may even qualify to use both the Home Success and [Home in Five Advantage](#) programs.

How To Qualify

- Your household income and the purchase price must not exceed the limits shown below.
- You must be a first-time homebuyer (you have not owned a home in the last three years)[†].
- You must occupy the home.
- You must apply for the MCC through a [participating lender](#) (certain fees apply, less than 0.6% of the purchase price).
- You must purchase a single-family detached home, condominium, townhouse, or duplex within the [city of Phoenix](#).

Home Success Program Limits (subject to periodic adjustment):

Household Income Limits:

	(1 or 2 persons)	(3 or more persons)
Non-targeted areas:	\$64,000	\$73,600
Targeted areas [†] :	\$76,800	\$89,600

Purchase Price Limits:

Non-targeted areas:	\$258,690
Targeted areas [†] :	\$316,177

[†] See [Targeted Census Tracts \(on page 2\)](#) for additional information.

Program Boundaries

How do you know if your new home is within the city of Phoenix boundaries? Visit City of Phoenix [Map Services](#) and type in the address in the top left corner. It will tell you if the property is within the City of Phoenix boundaries.

Other Requirements

- Homebuyer education
- Home inspection recommended
- Minimum 640 FICO score
- Home must be principal residence
- Must occupy home within 60 days of closing

Tax Savings Example

Taking the tax credit reduces the amount of interest deduction by the amount of the credit to \$5,535. But, at a federal incremental tax rate of 25%, the cumulative tax savings after 5 years are more than \$5,000 and \$11,000 after 10 years!

Mortgage Amount	\$175,000
Interest Rate	4.25%
Monthly P & I	\$861
Total Interest Paid First 12 mos.	\$7,380
Tax Credit Rate	25%
Maximum First-Year Credit Amount	\$1,845

See your tax advisor for more details.

How To Apply

- Choose a lender enrolled in the **Home Success** program to pre-qualify you for financing and an MCC. (See our [Eligible Lender List](#).)
- Find a property, finalize and sign a purchase contract and open escrow. (Escrow must be opened before you can apply for a MCC.)
- Read and sign your MCC application. (Prepared by your lender.)
- Sign the closing affidavit with the other loan and closing documents at close of escrow.
- Look for your MCC documents in the mail within 60-90 days after escrow closes.

★ Targeted Census Tracts

Certain census tracts receive additional incentives. Applicants who purchase homes in these areas do not have to be first-time homebuyers and the income and purchase price limits are higher. Visit the [Census Tract Map](#) to see if your new home is in a designated area. Any 2014 qualified census tracts are eligible for additional incentives (pink and green sections)! Speak with your lender or realtor for additional details.

Recapture Tax

If you sell your home within nine years you may have to pay a recapture tax. Several conditions can exempt you from the recapture tax. See your lender for more details. (Always consult a tax advisor.)