



Disclaimer

This information is intended to provide general information about the MCC program and required documentation for tax filing. VHDA does not and cannot give tax advice. Please visit www.irs.gov for additional information.

What is a Mortgage Credit Certificate (MCC)?

VHDA issues an MCC to eligible first-time homebuyers. The MCC provides a tax credit that may be applied toward the buyer's federal tax liability equal to 20% of the mortgage interest paid each year.

How do borrowers obtain an MCC?

Borrowers must apply for the MCC and receive an MCC commitment prior to loan closing.

Can the borrower receive an MCC after they have purchased their home?

No. MCC applications cannot be processed after loan closing.

When does the borrower receive an MCC?

After a review of all closing documentation to confirm the MCC requirements are met, the MCC is mailed directly to the borrower approximately a month after loan closing.

Does VHDA send an MCC to the borrower each year?

No, VHDA does not send a new copy of the MCC each year. It is important for the borrower to keep the MCC in a safe place because it contains important information needed each year when filing taxes to claim the credit. However, the borrower may contact VHDA via email (MCCreprint@vhda.com) to request a new copy of their MCC. Charges may apply to request copies of the MCC.

What is the credit rate of the VHDA-issued MCC?

The credit rate is identified on the MCC. The current credit rate offered by VHDA for the MCC is 20%. However, this rate is subject to change, so it is important to confirm this on the MCC.



What information is required to file for the MCC credit?

The information needed to file for the MCC credit will be available on the MCC and the 1098 issued by the lender each year. Required information will include:

- Total interest paid during the tax year
- Issuer of the MCC (Virginia Housing Development Authority)
- MCC number
- MCC issue date
- Credit rate

What forms are required for filing the credit with federal tax returns?

Internal Revenue Service (IRS) Form 8396 and Schedule 3 of Form 1040 called “Nonrefundable Credits.” Instructions for filing for the MCC credit are included in IRS Form 1040 “Instructions for Nonrefundable Credits” (page 101). Learn more about these forms at www.irs.gov.

How long can the credit be used?

The credit can be used for the life of the mortgage as long as the borrower resides in the property. The credit is no longer valid if the loan is paid off, the property is sold, or the property is no longer the borrower’s primary residence.

Where can I find more information?

Additional information about VHDA’s MCC (including an overview video) is available at vhda.com/MCC. Information is also available from the IRS at www.irs.gov.