



## Mortgage Credit Certificate (MCC)

A Mortgage Credit Certificate (MCC) is an IRS-approved tax credit program designed to help homeowners save on their federal tax bills. If you hold an MCC and meet certain conditions—such as continuously occupying your home, maintaining the same loan, and having a federal tax liability—the IRS will allow you to deduct a portion of the mortgage interest you pay each year. In practical terms, this means that, at year's end, you can reduce your taxable income as if some of your mortgage interest payments were paid to the IRS. This isn't just a theoretical benefit; it translates into real savings.



The Portland Housing Bureau (PHB) has partnered with trained and approved loan officers to facilitate this exceptional program. If you qualify for an MCC, you can deduct 20% of your annual mortgage interest from your federal tax liability, resulting in significant financial relief. For instance, on a \$250,000 loan at a 5% interest rate, you could incur approximately \$12,416 in interest within the first year, allowing for a tax reduction of up to \$2,483. That's a notable benefit!

### MCC Qualifications

To qualify for a Mortgage Credit Certificate, both you and the property must meet specific criteria:

- You must be a first-time homebuyer (defined as not having owned a home in the past three years) or purchase in designated targeted areas.
- The property must be located within Portland city limits (as verified on [portlandmaps.com](http://portlandmaps.com)).
- Your income must not exceed a designated threshold.
- You must occupy the home as your primary residence within 60 days of closing.
- The property must be a single dwelling unit (duplexes are not eligible).
- The purchase price must fall within specified limits.

It's important to note that the city will approve your application only if you have a federal tax liability. If you report minimal income or claim a child tax credit (particularly as a single parent), you might not owe any federal income tax.

### Dawn Robbins

Senior Loan Officer, nmls 432345

[dawnrobbins.com](http://dawnrobbins.com)

**(503) 805-7878**

[dawn@dawnrobbinsgroup.com](mailto:dawn@dawnrobbinsgroup.com)

Ease Mortgage does not provide tax advice, credit counseling or credit repair services. Please contact your tax adviser for any tax related questions. Applicant subject to credit and underwriting approval. Not all applicants will be approved for financing. Receipt of application does not represent an approval for financing or interest rate guarantee. Restrictions may apply, contact Guaranteed Rate for current rates and for more information.



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## Fees and Loan Options

Before finalizing your purchase, you'll need to complete an approved homebuyer education course and pay a \$675 processing fee at closing. In alignment with its mission to promote equity, PHB encourages lenders to reach out to underrepresented communities, particularly people of color, who currently own homes at lower rates than the national average in Portland. The MCC program is compatible with various loan types, including conventional, FHA, VA, and USDA loans; however, it cannot be combined with an Oregon VA or Oregon State Bond loan.



## Long-Term Considerations

It's essential to be aware of a significant long-term consideration associated with the MCC program: the possibility of a federal recapture tax upon selling your home. This tax may apply if all of the following conditions are met:

- You sell within nine years of purchasing the home.
- You make a profit on the sale.
- Your income increased substantially during the time you owned the home.

We will thoroughly review this provision with you, ensuring you fully understand it before proceeding with your MCC application. Most clients eligible for an MCC look forward to the prospect of increasing their income, which could trigger this tax. For more information on the recapture tax, visit [portlandoregon.gov/phb](http://portlandoregon.gov/phb).

The Mortgage Credit Certificate is one of Portland's best-kept secrets, and we are dedicated to ensuring all eligible clients are informed about this valuable opportunity.

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