



SC Housing Mortgage Tax Credit (MCC)
Program Guide

The SC Mortgage Tax Credit Program is made available by the South Carolina State Housing Finance and Development Authority (“SC Housing”). An eligible homebuyer will receive a Mortgage Credit Certificate (MCC) which allows a **Federal tax credit** that may reduce their income tax liability. The homebuyer’s tax liability may be reduced each year by an amount each year equal to 50% of the mortgage interest paid or \$2,000.00, whichever is less. The homebuyer remains eligible to receive the tax credit for as long as he retains ownership, lives in the home, pays interest on the mortgage and has an actual tax liability. The mortgage interest remaining after the tax credit may still be claimed as a mortgage interest deduction on the homebuyer’s federal income tax return. A MCC reduces a homebuyer’s tax liability dollar-for-dollar, but may never exceed the actual tax liability.

A homebuyer with a MCC may see an immediate increase in take-home pay by reducing the amount of federal tax their employer withholds. Or, they may choose to keep his tax withholding at the same level with the potential to receive a larger refund when filing federal income tax return.

MCC Program Requirements															
Homebuyer Eligibility Requirements	<p>Borrowers purchasing property in the following non-targeted counties must not have had an ownership interest in a principal residence within the three years prior to loan closing:</p> <table style="margin-left: 40px;"> <tr> <td>Aiken</td> <td>Greenville</td> <td>Lexington</td> <td>Richland</td> </tr> <tr> <td>Anderson</td> <td>Greenwood</td> <td>Oconee</td> <td>Spartanburg</td> </tr> <tr> <td>Charleston</td> <td>Lancaster</td> <td>Pickens</td> <td>York</td> </tr> </table> <p>Borrowers purchasing properties in all other targeted counties cannot have an ownership interest in a principal residence at the time of loan closing, but may have had an ownership interest in a principal residence within the past three years.</p> <p>The First Time Homebuyer requirement in non-targeted counties will be waived for Veterans. Must have served on Active Duty in the US Armed Forces or Reserves (other than active duty for training) and received a discharge other than dishonorable within the last 25 years.</p>	Aiken	Greenville	Lexington	Richland	Anderson	Greenwood	Oconee	Spartanburg	Charleston	Lancaster	Pickens	York		
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Sales Price and Income Limits	<p>Sales Price and Income limits are county-specific. Refer to the SC Housing Mortgage Tax Credit Program (MCC) Income and Home Price Limits attached. Income Limit and Sales price may also be found at www.schousing.com and are subject to change without notice.</p>														
Calculation of Tax Advantage – Example	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">First Mortgage</td> <td style="text-align: right;">\$120,000</td> </tr> <tr> <td>Interest Rate</td> <td style="text-align: right;">3.00%</td> </tr> <tr> <td>First Years Interest</td> <td style="text-align: right;">\$3,600</td> </tr> <tr> <td>MCC Rate</td> <td style="text-align: right;">50%</td> </tr> <tr> <td>Federal Liability Reduced By</td> <td style="text-align: right;">\$1,800.00</td> </tr> <tr> <td>Maximum Allowed Per Year</td> <td style="text-align: right;">\$2,000.00</td> </tr> <tr> <td>Calendar Year Divided By</td> <td style="text-align: right;">12</td> </tr> </table>	First Mortgage	\$120,000	Interest Rate	3.00%	First Years Interest	\$3,600	MCC Rate	50%	Federal Liability Reduced By	\$1,800.00	Maximum Allowed Per Year	\$2,000.00	Calendar Year Divided By	12
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Eligible Properties	<p>All eligible properties must be</p> <ul style="list-style-type: none"> • Single Family (1 unit) • Owner-occupied, primary residence • Stick Built • Townhomes • Condominium (approved by Fannie Mae, Freddie Mac or applicable insurer – FHA, VA or USDA) • PUDs (approved by Fannie Mae, Freddie Mac or applicable insurer – FHA, VA or USDA) • Any manufactured home (mobile home) eligible for insurance under FHA, VA, USDA or Conventional loan guidelines. • Property must be located in South Carolina • Land cannot be more than 2 acres or have documentation verifying the additional land is needed to reasonably maintain basic livability. 		
Loan Types	<p>This program can be used with Conventional, FHA, VA and Guaranteed Rural Housing loans. The MCC cannot be used in conjunction with a SC Housing bond loan, a qualified veterans’ mortgage bond, a FHA 203(K) or with USDA 502 Direct loans.</p>		
Loan Terms	<p>30 year</p>		
Registration	<p>All SC Housing Mortgage Tax Credit Program Files must be registered using Lender on Line via www.schousing.com</p>		
Automated Underwriting	<p>Loans must be underwritten in compliance with Fannie Mae or Freddie Mac automated underwriting. Eligibility Requirements :</p> <ul style="list-style-type: none"> • Must receive an Approve/Eligible recommendation through Desktop Underwriter (DU) • Must receive an Accept recommendation through Loan Prospector (LP) 		
Credit Score Requirements	<p>There are no minimum credit score requirements for the SC Housing Mortgage Tax Credit Program. However, if the MCC is issued in conjunction with another SC Housing Loan Program, all applicants must meet the credit score requirements outlined in the respective program guide.</p>		

	MCC Program Requirements
Qualifying a Mortgagor with MCC	<p>FHA LOANS</p> <p>Direct Endorsement Lenders may consider the tax credit resulting from MCC as a direct reduction in housing expenses. The tax credit will result in an increase in the borrower’s net monthly income, allowing lenders to use the credit as a deduction from the monthly PITI payment. This will reduce the borrowers qualifying ratios and can increase the size of mortgage available. Lenders using the tax credit as a direct reduction in housing expenses must develop and use a worksheet that estimates the amount of the mortgage credit available, determine the adjusted monthly PITI payment, and confirm that the borrower generates sufficient tax liability to use the available credit. Loan files must contain copies of the mortgage credit certificate and the worksheet.</p> <p>CONVENTIONAL LOANS</p> <p>For an MCC issued by a government agency allowing a federal income tax credit for a portion of the mortgage interest paid each year, the lender can use the amount of the tax credit as additional income for qualification purposes.</p> <ul style="list-style-type: none"> • Calculate monthly amount to use for qualification as follows: <ul style="list-style-type: none"> ○ $(\text{Mortgage Amount}) \times (\text{Note Rate}) \times (\text{MCC \%}) \div 12$ • Documentation Required: <ul style="list-style-type: none"> ○ Mortgage Credit Certificate ○ Lender’s calculation of the adjustment to borrower’s income <p>The credit used for qualifying as additional monthly income or a reduction in monthly payments must be 1/12 of the less of \$2,000 or 50% of the mortgage interest.</p>
Delivery Requirements	<p>The Approval Submission Package must be sent to SC Housing at least 15 days prior to the scheduled loan closing. The following documentation must be included in your Conditional Commitment Package:</p> <ul style="list-style-type: none"> • MCC Transmittal Checklist (SC-MCC-101) (<i>original</i>) • Copy of MCC Reservation • Agency Underwriting and Transmittal Summary <ul style="list-style-type: none"> ○ FNMA 1008, FHA 92900 LT, FHLMC 1077, VA Loan Guaranty Analysis Form • Request for Conditional Commitment (SC-MCC-103) (<i>original</i>) • Annual Compliance Income Worksheet (SF-028) • Verification of employment and current pay stubs on all borrowers and income receiving occupants; pay stubs must cover most recent 30-day period and contain year to date (YTD) totals • Verification of prior employment to match the most recent calendar year’s IRS Form W2s/1099s (all income receiving occupants) • Signed Seller Affidavit (SC-MCC-105) (<i>original</i>) • Income Calculation worksheet (SC-MCC 401) and (SC-MCC 402, if applicable) • Mortgage Credit Certificate Tax Credit Worksheet (SC MCC 403) • Copies of three most recent Federal Tax Returns with all schedules and W-2s /1099 for all income receiving household occupants 18 years or older (<i>except for cases in Targeted Counties or which meet the Veteran’s exemption – only the current year tax return is required</i>)

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	<ul style="list-style-type: none"> • Federal Income Tax Return Worksheet (SF MCC-400) • Federal Income Tax Affidavit – applicable if closing occurs between 1/1 and 2/15 (SC MCC-109) • Recorded Separation Agreement and/or Divorce Decree (<i>copy</i>) if applicable • Applicant Program Certifications (SC-MCC-106), complete (<i>original</i>) • Preliminary Notice to Applicants of Potential Recapture (SC MCC-107) (<i>original</i>) • Request for copy of Tax Return (IRS 4506) (<i>original</i>) • Copy of executed sales contract • Copy of signed 1003 loan application • Declaration of Citizenship Status (SF-021) must be execute for all household applicants including those under the age of 18
Closed Loan Submission Package	<p>After loan closing, SC Housing requires submission of a Closed Loan Package. The following documentation must be submitted to SC Housing within 30 days of loan closing. Upon review of acceptable documentation the SC Mortgage Tax Credit Certificate will be mailed to the borrower and copy will be forwarded to the lender.</p> <ul style="list-style-type: none"> • Closing Package Checklist (SC-MC-300) (<i>original</i>) • Lender check payable to the South Carolina State Housing Finance and Development Authority for the following fees: <ul style="list-style-type: none"> ○ MCC Issuance Fee of \$500 ○ MCC Extension Fee (<i>if applicable</i>) ○ MCC Modification Fee (<i>if applicable</i>) • Eligible Holder/Co-Occupant Closing Affidavit (SC-MCC-301) (<i>original</i>) • Lender Closing Affidavit (SC MCC-301) • Recertification of Income (SC-MCC-303) (<i>original</i>) if the loan closed more than 120 days after the date of the last paystub provided at time of conditional approval • Original Recapture Notice signed by borrower(s)
Fees and Costs	<p>A non-refundable fee of \$500 for purchase transactions must be included in the “Closed Loan Package” in order to issue the certificate. The lender has the option of charging the borrower an additional administrative fee of up to \$200 for the MCC. The fee can be paid by the borrower or seller. Fee payment must be certified funds or a lender check.</p> <p>Lenders agree to charge only those reasonable and customary fees for processing the loan as would be charged to a borrower applying for a mortgage not provided in connection with an MCC.</p>
Federal Recapture	SC Housing Homebuyer Program loans are subject to Federal Recapture
Re-Financing of a Loan with a MCC	<p>Borrower(s) that have a loan with an existing MCC attached can re-finance their homes and still keep the MCC. The following requirements apply:</p> <ul style="list-style-type: none"> • The property must be owner occupied • The MCC percent amount will be the same as the original MCC • The loan must be a fixed rate loan to a fixed rate loan • One re-issuance per eligible holder • The re-issuance must be completed within 1-year of the refinance closing • A \$250 re-issuance fee will be required. • See SC Mortgage Tax Credit Manual for more details

	MCC Program Requirements
Contact Information	<p data-bbox="753 170 1211 237">Lender Help Desk 803.896.9009 mortgage.production@schousing.com</p> <p data-bbox="764 268 1198 336">Inquiries Regarding File Submission processing@schousing.com</p> <p data-bbox="743 367 1219 434">Underwriting Questions/Status Update under.writing@schousing.com</p>

SC Mortgage Tax Credit (MCC) - 2015 SC Housing Sales Price and Income Limits

NON – TARGETED			
2015	1 or 2 Persons	3 or more Persons	Home Price
Aiken	\$59,100	\$67,965	\$275,000
Anderson	\$55,500	\$63,825	\$275,000
Charleston	\$62,900	\$72,335	\$295,000
Greenville	\$58,000	\$66,700	\$275,000
Greenwood	\$55,500	\$63,825	\$275,000
Lancaster	\$56,400	\$64,860	\$275,000
Lexington	\$64,700	\$74,405	\$275,000
Oconee	\$55,500	\$63,825	\$275,000
Pickens	\$58,000	\$66,700	\$275,000
Richland	\$64,700	\$74,405	\$275,000
Spartanburg	\$55,500	\$63,825	\$275,000
York	\$67,200	\$77,280	\$275,000
TARGETED			
2015	1 or 2 Persons	3 or More Persons	Home Price
Abbeville	\$66,600	\$77,700	\$275,000
Allendale	\$66,600	\$77,700	\$275,000
Bamberg	\$66,600	\$77,700	\$275,000
Barnwell	\$66,600	\$77,700	\$275,000
Beaufort	\$82,680	\$96,460	\$295,000
Berkeley	\$75,480	\$88,060	\$295,000
Calhoun	\$77,640	\$90,580	\$275,000
Cherokee	\$66,600	\$77,700	\$275,000
Chester	\$66,600	\$77,700	\$275,000
Chesterfield	\$66,600	\$77,700	\$275,000
Clarendon	\$66,600	\$77,700	\$275,000
Colleton	\$66,600	\$77,700	\$275,000
Darlington	\$66,600	\$77,700	\$275,000
Dillon	\$66,600	\$77,700	\$275,000
Dorchester	\$75,480	\$88,060	\$295,000
Edgefield	\$70,920	\$82,740	\$275,000
Fairfield	\$77,640	\$90,580	\$275,000
Florence	\$66,600	\$77,700	\$275,000
Georgetown	\$69,480	\$81,060	\$295,000
Hampton	\$66,600	\$77,700	\$275,000
Horry	\$66,600	\$77,700	\$275,000
Jasper	\$66,600	\$77,700	\$295,000
Kershaw	\$67,680	\$78,960	\$275,000
Laurens	\$66,600	\$77,700	\$275,000
Lee	\$66,600	\$77,700	\$275,000
McCormick	\$66,600	\$77,700	\$275,000
Marion	\$66,600	\$77,700	\$275,000
Marlboro	\$66,600	\$77,700	\$275,000
Newberry	\$66,960	\$78,120	\$275,000
Orangeburg	\$66,600	\$77,700	\$275,000
Saluda	\$77,640	\$90,580	\$275,000
Sumter	\$66,600	\$77,700	\$275,000
Union	\$66,600	\$77,700	\$275,000
Williamsburg	\$66,600	\$77,700	\$275,000