

CHAPTER 10  
MORTGAGE CREDIT CERTIFICATES

Chapter rescission date pursuant to Iowa Code section 17A.7: 2/11/31

**265—10.1(16) General.**

**10.1(1) Authorization.** Mortgage credit certificates (MCCs) were authorized by Congress in the 1984 Tax Reform Act as a new concept for providing housing assistance. The Iowa finance authority (authority) may elect to allocate a portion of its mortgage revenue bonding authority for single-family housing toward an MCC program. The program will be made available to home buyers through participating Iowa lenders on a first-come, first-served basis.

**10.1(2) Federal income tax credit.** An MCC operates as a federal income tax credit. The MCC tax credit will reduce the federal income taxes of qualified home buyers purchasing qualified residences, in effect assisting buyers with their house payments.

**10.1(3) Application timing.** A purchaser of a new or existing single-family residence may apply for an MCC through a participating lender at the time of purchasing a home and obtaining financing through the lender. An MCC cannot be issued to a home buyer who is refinancing an existing mortgage or land contract nor can it be used in conjunction with a mortgage financed through a mortgage subsidy bond. MCCs will be made available to home buyers with generally the same noncredit eligibility requirements as are in effect for the authority's single-family mortgage program.

[ARC 9954C, IAB 1/7/26, effective 2/11/26]

**265—10.2(16) Participating lenders.**

**10.2(1)** Any lending institution as defined in Iowa Code section 16.1 may become a participating lender by entering into an MCC lender participation agreement with the authority. All other participating lenders may take applications for MCCs on loans closed after the effective date of the participation agreement.

**10.2(2)** The annual participation fee shall be:

- a. \$0 for a lender currently participating in the authority's first mortgage program.
- b. \$500 for a lender not participating in the authority's first mortgage program and with one to five branches listed on the authority's website.
- c. \$1,000 for a lender not participating in the authority's first mortgage program and with six or more branches listed on the authority's website.

[ARC 9954C, IAB 1/7/26, effective 2/11/26]

**265—10.3(16) Eligible borrowers.**

**10.3(1)** To be eligible to receive a mortgage credit certificate, an eligible borrower must, on the date the loan is closed:

- a. Be a resident of Iowa.
- b. Be a purchaser of a single-family residence who will occupy the single-family residence as a permanent, primary, principal residence located within the state.
- c. Have the legal capacity to incur the obligations of the loan.
- d. Agree not to rent the single-family residence any time during the term of the loan.

**10.3(2)** To the extent determined by the authority to ensure its MCCs will be qualified MCCs pursuant to a qualified MCC program, the authority shall require that the eligible borrower meet the requirements of 26 U.S.C. §25 and the rules and regulations promulgated thereunder, as well as the requirements set forth in the MCC program guide. Copies of the program guide are available from the authority.

[ARC 9954C, IAB 1/7/26, effective 2/11/26]

**265—10.4(16) MCC procedures.**

**10.4(1)** Applications for MCCs may be made with any participating lender. The applicant shall provide the lender with all information that is necessary to secure a mortgage loan and an MCC.

An applicant must meet the eligibility requirements set out in rule 265—10.3(16). If the eligibility requirements are met, the participating lenders may nonetheless deny a loan, subject to all reporting and disclosure requirements of applicable state and federal law, for any reason premised on sound lending practices, including underwriting risk evaluation, portfolio diversification, and limitations on restrictions on investments or available funds.

**10.4(2)** If the loan is approved, the terms of the loan, including interest rate, length of loan, down payment, fees, origination charge and repayment schedule, shall not be greater than those available to similar customers that do not make application for an MCC. However, the lender may collect a one-time MCC commitment fee, which may be paid by the borrower, the lender, or any other party. An MCC program application fee must accompany the MCC application and be submitted to the authority by the lender. The amount of the maximum allowable MCC commitment fee shall be \$250, and the amount of the MCC program application fee shall be:

- a. \$0 if the borrower currently uses an authority first mortgage product.
- b. \$500 if the borrower does not currently use an authority first mortgage product.

**10.4(3)** No MCC will be issued unless the requirements and procedures set out in the MCC program guide are complied with by all parties to the home sale and financing.

**10.4(4)** An MCC may be reissued at the sole discretion of the authority if the mortgagor refinances; however, the credit cannot be taken beyond the term of the original mortgage. No MCC shall be reissued unless:

- a. The borrower uses or continues to use the residence as its permanent, primary, principal residence; and
- b. All other requirements and procedures set out in the authority's MCC reissuance instructions are complied with, which reissuance instructions shall be posted on the authority's website.

[ARC 9954C, IAB 1/7/26, effective 2/11/26]

**265—10.5(16) References.** All references to the United States Code in this chapter are to the laws as in effect February 11, 2026. All references to the MCC program guide are to the MCC program section within the authority's Procedural Guide (The Single Family Department) dated March 2018. All references to the MCC reissuance instructions are to the Instructions for Requesting Reissuance of Mortgage Credit Certificates dated March 2019.

[ARC 9954C, IAB 1/7/26, effective 2/11/26]

These rules are intended to implement Iowa Code section 16.5(1) "e," "i," and "t."

[Filed 9/10/86, Notice 6/18/86—published 10/8/86, effective 11/12/86]

[Filed 3/19/91, Notice 10/17/90—published 4/3/91, effective 5/8/91]

[Filed ARC 1845C (Notice ARC 1724C, IAB 11/12/14), IAB 2/4/15, effective 3/11/15]

[Filed ARC 9954C (Notice ARC 9646C, IAB 10/29/25), IAB 1/7/26, effective 2/11/26]