

## Mortgage Credit Certificate

You might qualify for a Mortgage Credit Certificate, which could provide an additional \$2,000 tax credit for the life of the loan if you meet certain conditions. Eligible Consumers for the Mortgage Credit Certificate may be\*:

1. Persons purchasing their first home
2. Persons who have not owned a home within the last three years
3. Persons who wish to purchase a home that is in an area of the state that is exempt from the first-time home buyer rule.

Homes with a purchase price of more than 258,000 are not eligible for the Mortgage Credit Certificate. Also, income limits do apply. For one to two person households the income limit is \$52,800 - \$83,040. Three to four person households have limitations of \$60,720 - \$96,880.

If this sounds like something you could take advantage of, please read on.

Each year the federal government allows homeowners to deduct all of the interest paid toward a mortgage annually. The Mortgage Credit Certificate basically allows you to receive a tax credit of 25% (not to exceed \$2,000) of the mortgage interest up front. You are still able to deduct the remaining 75% of the interest paid on your federal income taxes. Best of all, you are able to take the 25% interest tax credit each year, for the life of the loan. However, if you sell the home within the first nine years after the purchase, you could be subject to recapture taxes.

Many lending institutions in Kentucky are approved by The Kentucky Housing Corporation to offer the Mortgage Credit Certificate. The Mortgage Credit Certificate can be used in conjunction with FHA, VA, RHS, Fannie Mae, and Freddie Mac Conventional 30-year fixed rate mortgages. They are not eligible for use with a Kentucky Housing Corporation Mortgage Revenue Bond Program. Credit eligibility requirements do apply. The fee to apply for a Mortgage Credit Certificate is \$500, and must be accompanied by the MCC application, a signed purchase contract with a legal description of the home, and three years of income tax statements.

Speak with your financial institution or mortgage officer to learn more information. Or, you can visit [www.hbal.com](http://www.hbal.com) and click on the yellow and black tax credit banner.

\* Source: <http://www.kyhousing.org/page.aspx?id=1942&terms=mcc>