

LENDER'S KHC HOME BUYER TAX CREDIT QUICK REFERENCE CARD



A KHC Home Buyer Tax Credit can save a homeowner some serious money over the life of their mortgage loan, starting in the very first year.

When a KHC Home Buyer Tax Credit is issued to a homeowner, he/she can file for a **Tax Credit** on their federal income taxes equal to **25%** of their annual mortgage interest paid. It is a dollar-for-dollar reduction in their federal income tax liability.

How does KHC's Tax Credit (MCC) work?

Here is an example based on a homebuyer receiving a mortgage loan of \$110,000, at 4.0% for 30 years with KHC's Homebuyer Tax Credit:

Terms	25% Tax Credit
Property Location	All Counties
Loan Amount & Interest Rate	\$110,000 at 4.00%
Interest in the first year	\$4,400
Tax Credit Amount – Limited to \$2,000 per year	\$1,100 (25% of \$4,400)
Tax Deduction	\$3,300 (remaining 75% of mortgage interest)

- Homebuyer receives a federal income Tax Credit of \$1,100 (25% of \$4,400).
 - Maximum of \$2,000 per year.
- The remaining 75% of mortgage interest - \$3,300 qualifies as an itemized income tax deduction.

What are the Benefits of the Tax Credit?

- Life of the loan benefit.
- Receive a larger tax refund annually.
- Homeowner can receive immediate benefit of Tax Credit by filing a revised W-4 withholding form with their employer to reduce the amount of federal income tax withheld from their wages and increase take home pay by the monthly credit amount.
 - Anticipated Tax Credit amount for first year \$1,100 divided by 12 months = \$91.67 tax savings per month.
 - A home buyer should consult a tax advisor prior to making any changes.

Who Qualifies for the Tax Credit?

- First-time homebuyer in non-targeted counties or all homebuyers in Targeted counties (refer to map on back).
- Household income and purchase price limits.
 - Based on county and household size.
- Purchase of a home in the state of Kentucky with a 30-year fixed interest rate.
 - Mortgage through KHC's Secondary Market Program (\$200 fee), or
- Other investor 30-year fixed mortgage (\$500 fee).

