

Are you ready for a place of your own with a larger yard where the kids can roam?

Mortgage Credit Certificates can help!

Mortgage Credit Certificates (MCCs) are administered by Kentucky Housing Corporation (KHC).

With an MCC from KHC, you will get direct dollar-for-dollar reduction in your federal taxes worth 25 percent of the interest you pay on your mortgage each year. You can still claim the remaining 75 percent of the interest as a tax deduction.

For more information, visit KHC's Web site at www.kyhousing.org or call toll-free in Kentucky at (800) 633-8896, extension 291.

Request your **free Home Buying Guide**, a step-by-step guide explaining the home buying process. Go to **www.kyhousing.org** and realize your homeownership dreams!

Kentucky Housing wants you to achieve the American Dream of owning your home!

For more information about our **Homeownership Opportunities**, call us or go to our Web site.

www.kyhousing.org

Kentucky Housing Corporation

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Mortgage Credit Certificates

Keep more of your paycheck to help pay your mortgage!



Pay less taxes while owning your home!

The 25 percent credit means additional take-home pay, making your mortgage more affordable!

What are MCCs?

A Mortgage Credit Certificate (MCC) reduces the amount of federal income tax you pay, giving you more available income to qualify for a mortgage loan.

MCCs are NOT mortgages. They are tax credits that put extra cash in your pocket each month, so you can more easily afford a house payment. That means fewer tax dollars will be withheld from your regular paycheck, increasing your take-home pay.

The federal government allows every homeowner an income tax deduction for all the interest paid each year on a mortgage loan. But an MCC gives you a **tax credit** of 25 percent (not to exceed \$2,000). You can still

Suppose you apply for a mortgage loan of \$100,000 with a 30-year, fixed-rate at 6 percent interest. You would pay nearly \$6,000 in interest the first year. Twenty-five percent of that amount, or \$1,500, is the tax credit provided by an MCC. Therefore, the 25 percent tax credit means \$125 per month additional take-home pay, making your mortgage more affordable.

deduct the remaining 75 percent interest on your income taxes.

A tax credit is not the same as a tax deduction. A tax deduction reduces the portion of your income that is taxed, so you pay less. A tax credit is a direct, dollar-for-dollar reduction in the total tax you owe.

The MCC is effective for the life of the loan as long as you live in the home. If you sell your home in the first nine years of ownership, you may be subject to Federal Recapture Tax.

How to Apply?

Applications are accepted on a first-come, first-served basis by a statewide network of local lenders. MCCs are available with FHA, VA, RHS, Fannie Mae, and Freddie Mac Conventional 30-year mortgages at a fixed-rate.

MCCs cannot be used with KHC's Mortgage Revenue Bond program, but may be used with KHC's Fannie Mae Cash Window program.

Your local lender will submit your loan application and notify you as to whether your application has been accepted.

Who Can Apply?

You may qualify for the program if:

- You are purchasing your first home.
- You have not owned a home in the last three years.
- The home you wish to buy is located in an area of the state which is exempt from the first-time home buyer rule. (Your local lender can determine those "targeted areas.")

Maximum home sales price is \$258,000.

Maximum income limits:

- 1-2 person household
\$52,800-\$83,040
- 3-4 person household
\$60,720-\$96,880

You must meet lender, KHC, FHA, VA, RHS, Fannie Mae, and/or Freddie Mac standards for creditworthiness.

You must occupy the property.

It cannot be used for business, commercial, or rental purposes.

Applicants need a sales contract with a legal description of the property, a \$500 MCC fee, and copies of federal, income tax returns for the past three years.