LENDER'S KHC HOME BUYER TAX CREDIT
QUICK REFERENCE CARD

KHC Kentucky Housing Corporation
Investing in quality housing solutions.

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 **20%** 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 $125,000, at 4.0% for 30 years with KHC's Homebuyer Tax Credit:

Terms	20% Tax Credit
Property Location	**All Counties**
Loan Amount & Interest Rate	$125,000 at 4.00%
Interest in the first year	$5,000
Tax Credit Amount	$1,000 (20% of $5,000)
Tax Deduction	$4,000 (remaining 80% of mortgage interest)

- Homebuyer receives a federal income Tax Credit of $1,000 (20% of $5,000).
- The remaining 80% of mortgage interest - $4,000 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 $1,000 divided by 12 months = $83.33 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).

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