

Buying Your First Home?

Save Up to \$2,000 a Year on Your Income Taxes



If you are buying your first home, a Mortgage Credit Certificate (MCC) from the North Carolina Housing Finance Agency can put more money in your pocket and make your mortgage payment more affordable.

The MCC allows eligible buyers to take a federal tax credit of 30 percent of the mortgage interest you pay annually. It can save you up to \$2,000 each year that you occupy your new home.

Because the MCC is an immediate tax credit, you can change the withholding allowances on your W4 to reflect your decreased tax liability and increase your monthly take-home pay.



Who is Eligible?

The MCC is available to first-time home buyers who meet the sales price and income limits. The maximum sales price limit is up to \$220,000 and the maximum income ranges from \$88,000 for a family of three in areas such as Raleigh down to \$66,000 in more rural areas.

How Does the MCC Work?

If you borrow \$183,000 at 5.5 percent interest, you will pay approximately \$10,000 in interest in the first 12 months of your mortgage. With the 30 percent MCC, you can reduce your federal income tax liability by up to \$2,000 for that year, allowing you to reduce your monthly tax withholding by \$166. Over the first 10 years of ownership, you would save \$20,000 in federal taxes. Like all homeowners, you can also claim an interest deduction on the remaining 70 percent of the interest you pay.

An MCC can be used with almost any fixed-rate mortgage, and with some adjustable rate mortgages. The property must be the home buyer's primary residence.

Learn How an MCC Can Help You

The MCC is offered statewide by the North Carolina Housing Finance Agency through more than 700 lenders and their branches. Participating lenders can be found in the Home Buyers section at www.nchfa.com or by calling **1-800-393-0988**.



No state or federal tax dollars were used to print this brochure. December 2010

3508 Bush Street, Raleigh, NC 27609

A SELF-SUPPORTING PUBLIC AGENCY

NORTH CAROLINA

**HOUSING
FINANCE
AGENCY**